



Sustainable Strategic Commissioning and Procurement Strategy

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Contents	Page
1 Introduction	3
2 Strategic Approach	4
2.1 Category Management	4
2.2 Category Structure	5
2.3 Category Overviews	5
2.3.1 Adults, Children and Public Health	6
2.3.2 Public Health	9
2.3.3 Children's Services	10
2.3.4 Education, Learning and Schools	11
2.3.5 Transport and Waste	13
2.3.6 People, ICT and Business Services	13
3. Commissioning and Procurement System Objectives	18
4. Managing and Developing Supply Markets and Local Suppliers	19
5. Use of Frameworks	21
6. Regional Collaboration and Consortia Procurement	21
7. Social Value	22
8. Procurement Organisation	23
8.1 Capability and Capacity Development	24
9. Strategic Commissioning	24
9.1 Process	25
10. Sustainable Procurement	26
11. Conclusion	27
Appendices	
1 The Strategic Context	30

2	Definitions	37
3	Leadership and Governance	38
4	Legal Context	40

1. Introduction

In January 2013, Cabinet approved the Council's Sustainable Strategic Commissioning and Procurement Strategy. The Strategy defined the Council's approach to commissioning and procuring goods, services and works in a way that supported the delivery of its strategic vision and aims. Key objectives included implementing a strategic category management approach; working collaboratively across the Council to focus on value for money; and stimulating supply markets and achieving local growth and community benefits.

The implementation of the Strategy has led to improvements in procurement practice and outcomes including the delivery of cashable savings. For the last two years, Internal Audit have given an "adequate" opinion of the procurement function and its controls.

This Strategy will therefore build on the progress made through the implementation of the 2013 Strategy whilst supporting the current and expected future aims and requirements. This Strategy sets out how we will:

- make procurement easier for suppliers and the Council
- facilitate the opportunity for local suppliers to increase their professionalism and commercial skills of those carrying out procurements for the Council
- give opportunity to local and SME suppliers to participate by increasing visibility of our procurement plans and opportunities and up skilling those suppliers to be able to effectively compete for contracts
- maximise innovation, sustainability and collaboration in our procurement activities

There have been some significant changes since the last strategy was published, namely:-

The Public Contracts Regulations 2015 came into force at the end of February 2015. These are intended to make procurements quicker, simpler and less costly to run whilst increasing access and opportunity for small and medium enterprises.

The Council's Contract Procedure Rules were updated in June 2015 to reflect the requirements of the Public Contract Regulations 2015.

The Local Government Association published a new National Procurement Strategy for Local Government in England 2014 which sets out a vision for local government delivery of outcomes in four key areas: making savings,

supporting local economies, leadership and modernising procurement. This Strategy is consistent with those themes.

2. Strategic Approach

This Strategy has been developed to assist officers within the Council to strategically organise procurement activity in a manner which supports the Council Key Strategies and thus to support the Council to undertake procurement activity in a manner that is consistent with those strategies and supports the outcomes within the National Procurement Strategy for Local Government.

In doing so the Strategy supports the development of approaches to Procurement which address the opportunity that exists to achieve wider benefits through Procurement activity, for example:

- Social Value,
- Environmental Value, and
- Conflict free materials.

2.1 Category Management

Category management is an approach to manage a spend category end-to-end, using aspects of demand management to challenge what an organisation buys, in depth market know-how and strong alignment with business and finance functions and it is a vital part of a strong procurement approach.

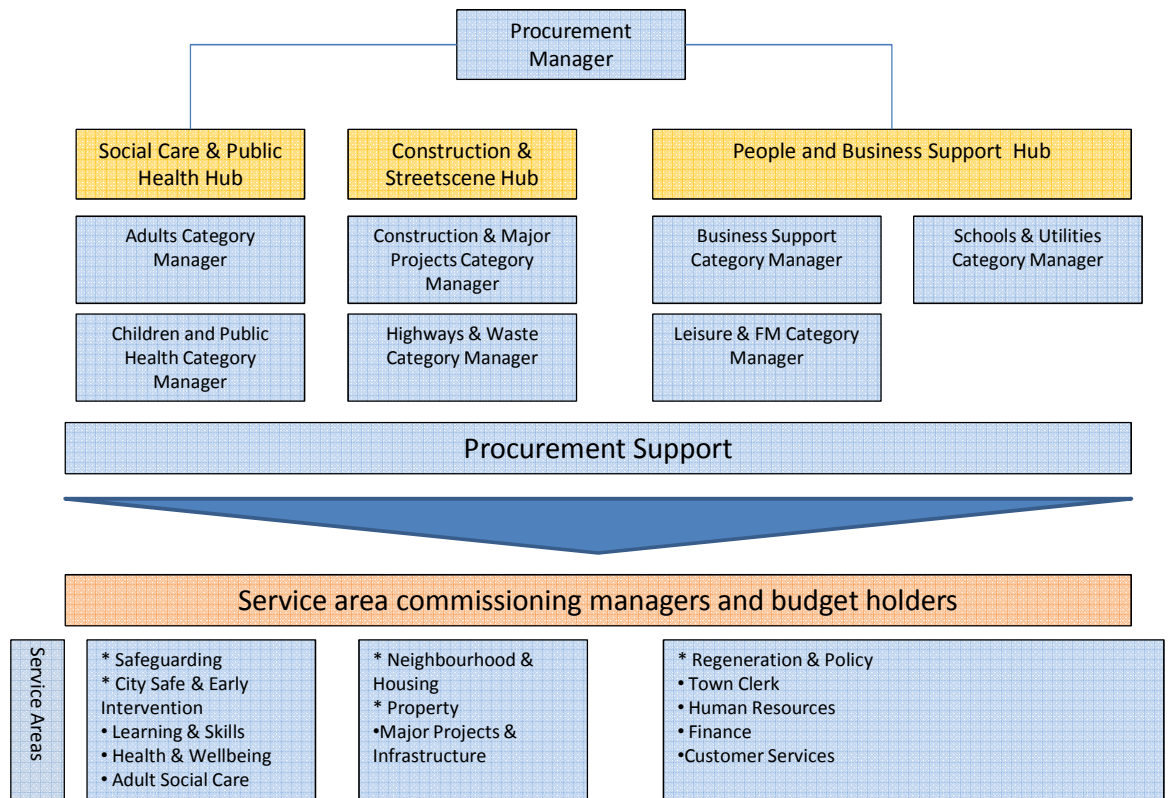
Category management brings together expertise within and without the Council to establish shared objectives between Corporate Procurement and service areas. This encourages collaborative working and ensure that the most appropriate, effective and efficient approach is identified to deliver the Council's outcomes through procurement activity.

The 2013 Sustainable Strategic Commissioning and Procurement Strategy established a move to a category management approach within the Council's procurement team. The category management approach is now imbedded with leadership of categories by Category Managers in Corporate Procurement, working closely with Service Area Procurement Leads. This has been instrumental in the delivery of cashable procurement savings over the last three years. The developing category expertise progressed through this approach enables better relationships with supply markets and allows systemic market shaping activity to be undertaken where necessary to ensure alignment with the Council's requirements.

The Service has now been co-located with the Legal Commercial Service within the Guildhall to facilitate close working relationships to support mutual understanding, joined up advice and a single focus to the delivery of Best Value for the Council.

2.2 Category Structure

The Service has been structured around three core hubs to promote mutual learning on a peer to peer approach as follows:



2.3 Category Overviews

The original category arrangement has been reviewed over the period of the existing strategy and revised into three groupings. This arose consequent upon a recognition of the linkages between the procurement activity within different segments of spend and recognized that limited officer capacity required team working through which members of sub-teams could support each other to effectively deliver upon the procurement needs of the organization. The categories outlined above have now been identified as core categories of spend within Hull City Council.

Below is a brief outline of each of these key categories, including the key strategies to be deployed and the specific capabilities required.

2.3.1 Adults, Children, and Public Health

(a) Where we are now

At the time of the adoption of the 2013 Strategy the Public Health function had not transferred to the Council. The bringing together of Public Health and Adult Social Care within a single directorate within the Council supported a wider review of commissioning activity.

Traditionally the majority of spend within Adult Social Care has fallen within what was Part B of the Public Procurement Rules. This meant that the full rigour of the EU Procurement Rules did not apply and the contractual arrangements that the service operated were either long standing or through grants.

The Health and Social Care Act 2012 promoted the development of an integrated approach to the delivery of Adult Social Care working with Health bodies. The Service have worked with the Adult Social Care Commissioning Team to ensure that revised contractual arrangements are developed which:

- Recognise the opportunities for integration and joint commissioning
- Involve a pre-procurement process that supported the identification of opportunities for the delivery of Social Value
- Supported the personalization agenda within the Care Act 2014
- Placed former grant arrangements on a firm contractual basis, and
- Ensures that long standing contractual arrangements are reprocured

The areas of procurement activity include:

Support for People within their own Home

The procurement of support for people to remain in their homes is an enabler for the strategy being developed for the transformation of Adult Social Care.

Tenders undertaken include:

Housing Related Support Services (formerly “Supporting People”) Tender –

Joint Commissioning Approach developed across Adults, Children’s, Public Health and Housing to develop a contract broken down into a series of lots to replace the former grant regime. Significant pre-procurement activity undertaken to inform development of the lots and the submission of tenders

Home Care Tender

Tender to establish a framework of suppliers promoting quality care and the payment of the National Living Wage, with criteria for the call off of services including the personal choice of the recipient of the services.

Equipment Tender

Joint tender led by Led by the Clinical Commissioning Group for the leasing of the equipment that the Council and the CCG purchase in furtherance of their duty to support people living at home.

Telehealth

The Council's Lifeline Service is managed by the Housing Service. The equipment supplied is managed through a framework contract let through the Northern Housing Consortium.

Residential Provision

The procurement of residential care is an enabler for the strategy being developed for the transformation of Adult Social Care. Activity includes:

Extra Care

The Tender and award of contracts for three large Extra Care Units developed through a PFI agreement to complement the existing Extra Care provision delivered in partnership with the Anchor Trust at Grove House.

Older People's Care (Residential and Nursing)

In conjunction with the CCG establishing the Usual Cost of Care for Hull and placing of arrangements on a three year contractual framework, to facilitate subsequent tender process based on quality alone, again in conjunction with the CCG.

Complex Care Tender

Working with the CCG/Humber Foundation Trust to establish a Baseline Cost of Care, and the development of a contractual framework for tender that will result in staged charges for care based on the facilitation of re-ablement and reduced need for care by operators.

Mental Health

Bringing together all spend (excluding spend on complex care placements) in relation to Mental Health across Adults, Children's and Public Health into a single pool with the Clinical Commissioning Group through the structure of the Better Care Plan to facilitate a single Joint Commissioning Arrangement

through the National Health Monitor Contract with the Humber Foundation Trust.

Where do we need to be?

The building blocks for the delivery of efficient commissioning have either been put in place or are in the process of being established. Once established, the process of re-letting those contracts on a planned basis needs to be embedded. However, the key requirement going forward is to more effectively use the contracts to support demand management and the developing strategy for the transformation of Adult Social Care. This requires a refocusing of Social Work practice upon the strategies within the Care Act 2014.

Demand management requires accessible data which is readily understood. The progression of ICT initiatives through the Peoples, People, ICT and Business Category is of fundamental importance to the future delivery of savings and better outcomes..

Ensuring the development of improved performance indicators based on target outcomes will be key to effective demand management. These arrangements will be developed through the Adult Transformation Programme.

In addition integrated commissioning with the Clinical Commissioning Group needs to be enhanced to avoid duplicate activity and to realize the benefits of joined up working. This is likely to require structural change to embed integrated practice across the two organizations.

2.3.2 Public Health

Where are we now:

The transfer of Public Health spend to the Council's budgets brought within the Council a range of services previously let through the Primary Care Trust were accompanied statutory duties in relation to the commissioning of health related services.

The most significant component of the Public Health budget was the health budget associated with Alcohol and Drug misuse. The entire health budgets allocated to these areas of spend were transferred to the Council together with the former Public Health Service. Accordingly the proportion of the sum transferred to the Council associated with this area was significant.

In addition the Public Health Funds associated with measures to reduce smoking and obesity, and promote health checks.

In addition in April 2015 Public Health England transferred to the Council its spend on 0 – 19 year services.

The immediate focus of the category has been upon re-commissioning this services., Opportunities to join up spend across Adults, Children's and Public Health have been progressed and joined up decision making across the Council and Health bodies promoted through the Health and Wellbeing Board. The period since transfer of the Services to the Council has seen the majority of the services re-commissioned with reduced budgets to facilitate a focus on wider Public Health initiatives. In furtherance of the COMPACT and Social Value principles, significant emphasis was placed upon the relationship with the third sector. There have been changes in supplier arising from the changes in spend.

The spend impacts on the wider property strategy as the existing service providers previously commissioned by the Primary Care Trusts operated out of LIFT buildings.

Where do we need to be

With the Public Health Service the Council received the benefit of access to skilled data analysts both within the transferred service and Public Health England. The potential for this resource to support wider Council initiatives has yet to be fully realised.

There is significant potential for Social Value initiatives to promote reductions in demand. The service have accordingly engaged with Public Health in relation to such initiatives as the Bronze, Silver and Gold Workforce awards, including these in the Social Value workbook and involving Public Health officers in initiatives to work with local companies in assisting them understand what the Council is seeking from bidders. This work needs to

further continue if we are to realize the benefit of reduced demand from public services arising from the delivery of Social Value through our contracts.

2.3.3. Children's Services

4A Children

Where are we now:

Traditionally services for Children have been supported through a series of individual bespoke tenders together with grant funding. However, a more structured approach is being progressed.

Children and Adolescent Mental Health Services

In accordance with the Integration duty under the Health and Social Care Act, the opportunity of the establishment of the Better Care Fund was taken to integrate the commissioning of services with the Clinical Commissioning Group through a single pooled funding agreement using the Monitor National Health Contract.

Children's Centres

Children's Centres previously operated through Sure Start grant. Following the decision of Government to integrate ring fenced grant monies into the Council's base budget, and the introduction of the Public Procurement Rules 2015 a re-commissioning process has been initiated.

Residential and Foster Care

The Council now use the White Rose Consortium Framework Agreement for Yorkshire and the Humber for the procurement of residential care placements. A project has been initiated to consider how to more effectively use the opportunities within this contract to achieve savings.

Where do we need to be:

A key challenge for local authorities is meeting expectations in the provision of personalised, quality social care services at a time of decreasing budgets and increasing need. The introduction of the Care Act requires the Council to change the way in which it provides services and the types of services offered. These changes will require significant market development to ensure suppliers are able to offer the types of innovative service required and which are able to meet future demand. We need to:

- Embed the work that we have undertaken to establish effective framework contracts to support process change.
- Procure support through the People, ICT Category and Business Services to help deliver that change.

- Identify and progress Social Value opportunities to support the delivery of Self Directed Care/Personal Budgets

We need to further develop our understanding of spend and its link with process mapping in the implementation of the new Social Care Case Management System.

We also need to realize the opportunities to assist people with learning difficulties access employment through work with the Humber Mental Health Foundation Trust.in relation to the delivery of Social Value.

2.3.4 Education, Learning and Schools

Where are we now?

The significant transfer of Education funding from Councils to Schools has necessitated a re-focusing of this category. A Category Manager was identified to provide the lead for schools with the task of providing guidance to schools in relation to procurement and identifying opportunities to co-ordinate spend.

The Category Manager has worked with schools on a number of initiatives, including co-ordination of School spend on school meals.

She has likewise worked on the Food Framework contract to facilitate tender a contract that supports Value for Money and Social and Environmental Value to support the delivery of School meals.

Youth Services

Youth Services were previously supported by direct grants. In keeping with the changes in Procurement Law, the services procured have been let through a framework contract divided into lots with a significant focus upon pre-market engagement and Social Value.

Facilitation Services to support schools

The authority needs to be able to call upon expert assistance when intervening to help schools. Schools need to be able also to call upon such services and to support one another.

What more we need to do:

Develop our relationship with schools and establish an effective framework contract to enable the easy call off of services to enable the Council and schools effectively support schools in the delivery of an Educational service.

Construction, Urban Design and Facilities Management Category

This category of spend is of high strategic importance to Hull City Council in terms of its high value and role in the regeneration of the city and economy. The Council has a challenging major works programme which requires substantial procurement support to ensure these high profile projects are delivered on time, within budget and with the required degree of innovation.

Key, long term strategic partnership contracts have been established with Kingstown Works Limited (KWL) for the repair and maintenance of housing, vehicles and street lighting and Norfolk Property Services (NPS) for the maintenance of the Council's commercial buildings and corporate estate. A close working relationship has been established between the Corporate Procurement function and NPS as they undertake a significant proportion of the procurement activity on behalf of the Council in relation to the maintenance of the Council's commercial buildings and corporate estate. The Corporate Procurement function will also continue to develop a closer working relationship with KWL so that, wherever applicable, procurement activity undertaken by the Council, NPS and KWL is aligned.

For high value construction contracts, the general principle is that they will be procured through the YORBuild regional framework or the Esteem delivery framework. Lower value contracts will be procured in a way to ensure smaller local contractors have the opportunity to bid for contracts. The construction sector is seen as key area for the delivery of skills and employment outputs contributing to the City Plan target for job creation.

The Corporate Procurement function is working with the YORhub team which administers the regional framework to ensure that when the frameworks are refreshed in 2015 and 2016, local contractors of all sizes are given the opportunity to apply for inclusion on the frameworks.

The service are progressing initiatives including the provision of training to the sector to support them in the submission of effective tenders and to inform the Council's approach to tendering.

The opportunities for delivery of Social Value are being recognized with support from Major Projects, the Department for Work and Pensions, Education and Skills, NPS and Public Health working together with Procurement to establish effective relationships.

We are working with other local authorities to help us manage the significant demand for our support.

Where we need to be:

We need to explore further the opportunities through the Customer Enablement programme to simplify further our processes.

We need to better capture performance data upon contractors
We need to continue to build upon the initiatives with the industry to develop better engagement with the Council.

We need to ensure that tenders meet BIM design standards where this is possible.

We need to further improve our documentation to promote entirely electronic working.

2.3.5 Transport and Waste

This category involves the provision of essential public services, such as waste collection and disposal, highways maintenance and street and traffic management. The Corporate Procurement function will continue to work closely with the service area to ensure the continuous supply of high quality goods and services.

The majority of spend to date has been committed through framework contracts, including a locally let framework for highways delivery which the Council led.

A transition to using the YORcivils sub-regional framework agreement is being progressed, and that contract was used for the Public Realm tender. Changes to the funding mechanisms for highways works means the Council will need to change the way it operates and this will require procurement support to enable dialogue with supply markets and the identification of innovative services.

Where we need to be:

We need to embed new ways of working.

We need to realize opportunities for efficiency savings through alternate delivery mechanisms.

We need to access effective support to bid for Government funds.

2.3.6 People, ICT and Business Services

Where we are now:

This category incorporates core products that the Council needs together with support services which are able to help the Council realize transformational improvement. This area of spend involves significant use of regional contractual arrangements. Where no suitable framework arrangement for tender process exists the Council is letting its own framework contracts to meet the need. The segments are:

Utilities

Utilities are uniformly purchased through framework agreements let by the Yorkshire Purchasing Organisation, a joint committee of local authorities in the region. Joining together with other authorities facilitates use of the combined spend of the authorities to realize efficiency gains in terms of the procurement process and procurement outcome.

Where we need to be

The Council will continue to use the existing framework contracts, however opportunities to purchase early or at times which will take advantage of price reductions will be kept under review.

ICT

The Council together with other regional authorities together procured a framework contract for a secure broadband public sector network. The contract was awarded to Virgin. Consequent upon the award of this contract a major implementation programme has been initiated through which the Council receives its telephony services through its broadband provider within a secure network within which the Council can work with other public sector providers.

The Council has worked with other authorities through the Yorkshire Purchasing Organisation to establish framework contracts for equipment that meet the Council's needs.

The Council has commenced the review and re-tendering of long standing contractual arrangements under which software products are re-let on modern contractual arrangements taking into account the requirement for effective implementation to realize full system benefits. Examples are the replacement of the Legal, Committee management systems and the Social Care Case Management systems and the procurement of Civica into a long term partnership through which complementary IT functionality can be delivered as a service.

Finally the Council has entered into a contract with the University using the Hamburg exemption through which support services can be accessed. Through these major steps the building blocks for the delivery of long term transformational change are being put in place.

Where we need to be:

We need to ensure that we have in place access to external resource to facilitate use of Open Source software such as Drupal used presently for the Council's internet and in future for the Website.

Where the Council require software to manage its services we need to ensure that we have in place a procured contract of sufficient duration to support the Council's long term requirement for that software

Where the costs and resource of changing ICT provider are high and cannot be accommodated in the short term, we will explore the existence of alternate support provision where a market exists for this.

In procurement exercises we need to consider alternates to hosting the software internally on Council servers, such as hosting services on the cloud to facilitate greater integration with partner organizations.

We need to continue to build on the existing strategic approach through our Partnership with Virgin and Civica, and realize Business opportunities to deliver more efficient working.

We need to build on our partnerships across the city and regionally to join up procurement opportunities.

We need to build upon our model specification for ICT procurements to improve the efficiency of the procurement process.

We need to build into our specifications requirements in relation to Conflict Free Materials.

Conflict Free Minerals

On 18th June 2015 the Council passed the following resolution relating to the use of certain minerals in the production of technology products:

“...where the Council procures electronic products which contain gold, tin, tantalum, and tungsten from the Democratic Republic of the Congo or an adjoining country it will, to the extent legally permissible, consider in the procurement process whether such products contain ‘conflict minerals’, and to the extent permissible in law, will favour verifiably conflict-free products or companies making greater progress towards this goal and calls on companies from all sectors in the City to follow this lead.”

The issue of 'conflict minerals' and their use in the production of technology products is of concern to the Council as it does not want to be linked in any way to activities which may be furthering or perpetuating armed conflict in vulnerable parts of the world. This is an issue whose profile is increasing worldwide resulting in changes to legislation and policy in the US and Europe. In the US, the Dodd-Frank Wall Street Reform and Consumer Protection Act requires companies listed on US stock exchanges using 'conflict minerals' in their production processes to declare the origin of such minerals and perform appropriate supply chain due diligence. Those companies are required to report on the due diligence measures used to track the sources of minerals and publish a report with third party verification to confirm the accuracy of the disclosure. These provisions became enforceable in the US in 2014.

This legislation has prompted the major manufacturers and suppliers of technology products to begin to review their supply chains and supply policies to address concerns about the use of 'conflict minerals'. However, due to the complexity of the supply chains involved, most manufacturers are unable to guarantee that their products are 'conflict free' but are making progress in auditing their supply chains.

The European Union has issued a draft resolution proposing a system of self-certification for importers of tin, tantalum, tungsten and gold that choose to import responsibly into the European Union. The resolution would require EU importers of these metals to exercise 'due diligence' in line with the Organisation for Economic Co-operation and Development standards. The Organisation for Economic Co-operation and Development (OECD) has produced a "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas". This is intended to cultivate transparent mineral supply chains and sustainable corporate engagement in the mineral sector.

The EU will require its own suppliers to respect OECD Due Diligence Guidance or equivalent due diligence schemes in order to satisfy contractual obligations.

What we will do

- When procuring technology products we will seek to mirror the EU approach with the requirement for suppliers to observe the OECD guidance or equivalent. Wherever possible, compliance with this will be a contractual requirement. A proposed contractual clause has been drafted for inclusion in relevant contracts:

"The Provider shall ensure that all Necessary Consents and OECD Due Diligence (where relevant) are in place to provide the Services and the Authority shall not (unless otherwise agreed) incur any additional costs associated with obtaining, maintaining or complying with the same."

- Typically, the Council procures technology hardware through established frameworks which offer more competitive prices due to the volume of spend channelled through them. Therefore, we will lobby and seek to influence Crown Commercial Services (CCS) and the Yorkshire Purchasing Organisation (YPO) to ensure that the issue conflict minerals is being addressed in current and future frameworks and ultimately to require suppliers to observe the OECD Due Diligence.
- Through the Yorkshire and Humber Strategic Procurement Group, seek to raise the profile of this issue with the local authorities within the region.

Consultancy

To effect change the Council has called upon external expertise to guide delivery. The Council has consequently let consultancy contracts through selected framework contracts to identify appropriate contractors who are able to assist the Council.

What we need to do

We will test alternate methods of procuring consultancy support through framework contracts such as the NEPRO Consultancy Framework Contract through an outcome based approach

GROW framework

To enable the Council to take a core role in channeling available public funds toward training organizations which are able to assist the creation of employment, the Council has let a wide ranging framework contract through which training and employment services in the locality can be swiftly accessed.

We need to gain the full benefit from this contract to deliver opportunities for Job Creation within the city.

Print, Design & Marketing

We undertake mini tenders at present to purchase on an individual requirement basis.

Where we need to be

We need to establish an effective framework contract which meets all our design, print and marketing needs.

3. **Commissioning and Procurement System Objectives:**

The procurement function is increasingly viewed as a value creator in any business, capable of delivering cost reduction and enabling the development of new models of service delivery. Local government in particular is embracing a strategic approach to procurement as its ability to achieve financial, environmental and social outcomes gains greater recognition. Some of the strengths of strategic procurement include:

High levels of contract compliance

Higher skilled professionals, specialising in categories

Enhanced ability to influence corporate decisions and strategy
Cost transparency and tracking

The prioritisation of needs and service delivery upon a common evidence base

The identification of alternative methods of delivery
Strategic supplier relationships

The processes that drive procurement include Sourcing, Purchasing and Supplier Management and in order to manage total costs it is important to consider these elements together, rather than in isolation. The beneficial outcomes of performing these processes correctly include:

- Sourcing:
 - Understanding of need
 - Market awareness
 - Clear category strategy including demand management strategies
 - Approved set of suppliers
 - Value for money analysis of sourcing decisions
 - Clear contractual agreements

- Purchasing:
 - Compliance to category and supplier strategy
 - On-time supplier payment

- Supplier Management:
 - Managed supplier relationships
 - High levels of Performance against contract
 - Continuous Improvement initiatives

Through a strategic proactive approach to procurement which focuses on the Sourcing and Supplier Management processes above, the profile of procurement will be raised and improved across the organisation.

Objectives

Efficient and effective strategic procurement will play an important role in contributing to the wider vision of the Council. The key objectives of the Corporate Procurement in Hull City Council are:

- To make procurement as straightforward as possible for the Council and potential suppliers, in particular to improve access for local suppliers and SMEs and to eliminate anything that does not add value to the procurement.
- To support and encourage an effective local supplier market including the voluntary sector and the promotion of local social value in contracts (such as the creation of apprenticeships and local supply chains).
- To increase local and SME supplier participation in contract opportunities.
- To use sound procurement practices and innovative solutions to promote sustainability and value for money.
- Develop the commercial skills of the procurement team and wider organisation to deliver innovation and improved models of service delivery.
- A commitment to sustainability and environmental outcomes in all procurement activity

4. Managing and Developing Supply Markets and Local Suppliers

The establishment of the category management approach has enabled improved understanding of local and national supply markets and what those markets can offer. It has also allowed Corporate Procurement to develop and maintain dialogue with potential suppliers and influence supply markets to ensure they are aligned with the Council's needs. This is particularly important as changes brought about by Central Government policy and changes to the Council's operating model will change the way the Council operates and the goods and services it procures.

It is therefore important that Corporate Procurement continues to develop its understanding of and relationship with supply markets. The benefits for the Council include:

utilising suppliers' knowledge of markets and trends when setting requirements and drawing up specifications;

a better understanding of the available capacity to meet our requirements and invest in this if necessary;

an improved ability to meet the needs of the community through speaking with organisations that represent community groups;

achievement of value for money by improving our understanding of what is offered by the market.

This also benefits the market and local suppliers by:

potential suppliers being better informed about what is being commissioned or procured and why, and they can offer their knowledge and expertise on service/product design and delivery;

potential suppliers have a better understanding of processes and can better respond to opportunities now and in the future;

potential suppliers can invest appropriately when they understand our future requirements.

Over the last three years a number of initiatives have been introduced to facilitate this which will be continued:

providing longer lead in times to inform and prepare the market when the Council is letting contracts;

engage the market, where appropriate, in advance of undertaking formal procurement processes to make use of the market's expertise in service/product design. This is explicitly supported in the Public Contract Regulations 2015;

publishing a Procurement Forward Plan on the Council's website informing potential suppliers of upcoming contract opportunities;

providing guidance upon how to access Council contract opportunities and compete effectively through them;

When large or major contracts are let, offering, wherever possible, the contract as lots, enabling smaller organisations to bid. This is also an explicit requirement of the Public Contract Regulations 2015;

Delivering "Meet the Buyer" events based around categories of spend or specific contract opportunities;

Simplifying procurement processes, within the requirements of the Public Contract Regulations, to reduce the burden of bidding for Council contracts and enabling smaller organisations to compete.

5. Use of Frameworks

The EU Public Contracts Regulations 2014 describe a framework contract as “an agreement or other arrangement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.”

Through the framework, contracts are either awarded to a specific provider who has won a particular lot within the contract, or a mini-tender may be undertaken between the companies within the relevant lot on the framework. Frameworks allow more integrated contract management through closer relationships with a limited number of suppliers. They also provide the opportunity for standardisation or elimination of non-productive processes and to build on a continuing relationship developed over several projects. Where a number of suppliers are on a framework, the repeated exposure to competition avoids supplier complacency and ensures Best Value.

In September 2014, Cabinet agreed to the principle of normally letting higher value construction contracts using the YORhub construction frameworks. Highways resurfacing and maintenance contracts will also normally be let using the YORCivil construction frameworks.

Corporate Procurement has developed a close working relationship with the Yorkshire Purchasing Organisation (YPO). The YPO is a joint committee of Councils in the region which uses its buying power to procure framework contracts which can be utilised by the Council. The close working relationship will allow the Council to continue to influence the frameworks procured by the YPO, ensuring they meet the Council’s needs and actively and effectively engage local suppliers to apply for inclusion on the frameworks.

6. Regional Collaboration and Consortia Procurement

The Council will continue to identify those areas where increased regional collaboration and consortia procurement will deliver best value and opportunities for local suppliers in terms of:

Supply chain management;

Aggregation of spend to produce economies of scale;
use of regional experience and expertise;

Procurement efficiency and a decreased duplication of effort.
Corporate Procurement had developed, and will continue to develop, close working relationships with the Yorkshire Purchasing Organisation (YPO) to

ensure frameworks let by the YPO reflect the Council's needs and are procured in a way to maximise opportunity for local suppliers.

The YORprocure Strategic procurement Group is the commercial and procurement hub for the Yorkshire and Humber region being made up of representatives from all the local authorities within the region. YORprocure facilitates collaboration through the identification of opportunities, sharing of information and delivering collaborative projects.

Corporate procurement will continue to represent the Council on the YORprocure Strategic Procurement Group and, where applicable, lead the Council's involvement in collaborative projects. This regional collaboration has also allowed the Council to form relationships with other local authorities to share market knowledge, expertise and practice.

7. Social Value

The Public Services (Social Value) Act 2012, introduced in January 2013, placed a general duty upon Local Authorities to make arrangements to secure continuous improvements in the way functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Under the Act there is an explicit obligation requiring the Council to consider:

- How what is procured may improve the economic, social and environmental well-being of the area
- How in conducting the process of procurement the Council might act with a view to securing improvement.

Social Value can enhance and place a tangible value upon the social benefits that can be delivered through procurement by explicitly identifying, valuing and monitoring those additional benefits within the procurement process and monitoring their delivery thereafter.

To ensure an effective approach to the delivery of social and environmental value it is important to develop a policy and framework for monitoring social and environmental value and a toolkit to guide officers on its application. To that end, in September 2014 Cabinet approved a Social Value Policy Statement and Social Value Workbook.

The Social Value Workbook is applied to all procurement activity for contracts valued £50,000 and above. The Workbook provides guidance on the practical inclusion of social benefit outputs and provides a mechanism to determine the type and volume of social benefits to be delivered through each contract. The social value outcomes identified in the Workbook cover skills and employment, work experience, school engagement, environmental impacts and public health benefits and have been developed to align with the goals identified in the City Plan and Health and Wellbeing Plan.

A monitoring tool has been developed with C4Di to provide an effective way of monitoring that suppliers have delivered the social value outcomes they committed to through the procurement exercise and contract award.

We will therefore:

- continue to use the Social Value Workbook for all contracts valued over £50,000 to identify social benefits relevant to the subject matter of each contract which will be delivered through the life of the contract;
- ensure a suitable weighting is applied to social value in the evaluation criteria for each contract over £50,000 to reflect its importance and to ensure consideration of bidders' responses are a significant part of the award decision;
- monitor performance and delivery through contracts to ensure contracts continue to contribute to the strategic aims of the Council and the City;
- measure the impact of social value through the collection of statistics relating to the actual delivery of social value outputs.

8. Procurement Organisation

As part of the implementation of the 2013 Strategy, the Corporate Procurement Team has been re-structured to enable a category management approach to the strategic procurement needs of the Council. This category management approach has enabled the procurement function to develop a greater understanding of supply markets and enabled longer term strategic planning. The approach has also allowed the category managers to develop closer working relationships with the relevant service areas and an improved focus on value for money decisions.

The Corporate Procurement Team is divided into three hubs, which have been shown above. Officers within the service have been encouraged to achieve a CIPS Procurement qualification, and many have taken up this opportunity to ensure that the Service can properly be regarded as a skilled professional service.

The Procurement Team have been co-located with the Legal Commercial Team to ensure a joined up approach to the provision of complementary advice to clients, and the development of mutual understanding of each others role.

This centrally led model means that the Corporate Procurement function is responsible for the management of procurement category strategies in conjunction with service area teams and the management of procurement projects for contracts over £50k, ensuring compliance with regulations whilst delivering best value.

8.1. Capability and Capacity Development

To ensure the Council's procurement function continues to act as a value creator delivering cost reduction and enabling the development of new models of service delivery, it is necessary to invest in the ongoing training and development of procurement officers within the Corporate Procurement function and staff across the wider organisation involved in procurement activity.

To that end, five members of the Corporate Procurement Team have been supported to undertake studies towards the Chartered Institute of Purchasing and Supply (CIPS) qualification. This is the recognised qualification for procurement professionals, developing the individuals understanding of procurement principles and knowledge of current best practice. Additionally, members of the Corporate Procurement Team have attended briefing sessions on various aspects of procurement best practice and legislation and briefing sessions have been delivered for staff across the Council involved in procurement activity.

Moving forward we will:

- continue to support Corporate Procurement staff to study towards the CIPS professional qualification
- ensure Corporate Procurement staff are kept up to date in terms of best practice and legislation through a combination of externally and internally delivered workshops
- deliver information sessions to educate the wider organisation on strategic procurement and the role of procurement
- develop a best practice toolkit staff responsible for managing contracts to ensure a consistent approach to managing supplier relationships and performance based on best practice.

9. Strategic Commissioning

Relationship with Procurement

Commissioning involves assessing needs, resources and current services to develop strategies which achieve the desired outcomes. It is citizen focused, with an emphasis on the outcomes the Council wishes to provide to citizens.

Strategic procurement on the other hand is primarily focused on the use of sourcing, purchasing and contract management processes to acquire goods, works and services from both third parties and in-house providers. Procurement ensures we seek value for money in how we deliver

commissioning plans. Procurement is supply market facing function, with service areas acting as the customer within the Council.

Commissioning and Procurement are not mutually exclusive and it is vital that shared targets exist between Corporate Procurement, Directorates and the service areas within them to encourage collaborative working towards common goals. A close working relationship between Corporate Procurement and directorates will allow Hull City Council to be committed to a mixed economy, with services delivered by the organisation (public, private or voluntary sector) that is best able to meet the desired outcomes.

Hull City Council is committed to strong working relationships between Corporate Procurement and commissioning partners in the service areas, which will ensure there is a greater:

Focus on outcomes

Consideration of citizen needs and priorities

Influence of and impact on providers of services

Potential for micro commissioning of its budgets

9.1. Process

The process of strategic commissioning involves the creative use of powers, influence and resources to identify and prioritise outcomes, inspire community-centred services and processes, and empower and authorise service delivery with, by and for the citizens of Hull.

The commissioning process starts with the service area defining the commissioning intentions and understanding the outcomes to be delivered, the benefits, cost/budget, alignment to priorities and the impact on the wider Council. It is important that this strategic thinking is applied to all activities undertaken by the Council and that even where an existing arrangement is recommended as the best method for delivering outcomes; it is evidenced through the commissioning process.

To successfully deliver priority outcomes to the community, there needs to be a close working relationship between the Corporate Procurement function and commissioners within the directorates, in which procurement is involved in the whole process and there is a clear understanding of roles and responsibilities. The figure below shows the relationship between strategic procurement and commissioning and demonstrates the strong alignment between these processes.



Figure 3

10. Sustainable Procurement

A commitment to sustainable procurement and buying responsibly will be integrated into the way in which money is spent across the Council, which in effect will allow Hull City Council to realise community benefits through procurement activity.

Economic

The development of Hull as a sustainable and economically sound City lies at the heart of what the Council is aiming to achieve. This requires a sustainable and dynamic local economy with small to medium businesses that can deliver local services, innovate and provide local prosperity.

The more money that is spent locally, the greater the positive impact this will have on the local economy and in particular for SMEs.

Through a sustainable approach to procurement, the following benefits can be delivered:

- Contribution to the development of the local economy, encouraging more investment and growth of industry

- Financial savings over the whole life of goods and services

Environmental

The Council is committed to ensuring that services are delivered in a way that protects the quality of the environment and minimises any adverse impact on community well being.

Through a sustainable approach to procurement, the following benefits can be delivered:

- Reduced use of natural resources
- Reduction in the amount of waste going to landfill
- Protection of habitat and creation of new areas for wildlife
- Reduced carbon footprint and negative impact on climate change

In addition, sustainable procurement will assist Hull in meeting its sustainability objectives, which include:

- Becoming known for all aspects of energy
- Becoming the renewable capital of the UK
- Making use of the heritage and “energy” focus to build a quality tourist destination
- Achieving sustainable economic growth through low carbon initiatives

Similarly, it was assist the Council in delivering the objectives of key policies, including:

- The Environment and Climate Change Policy 2010-2020
- Sustainable Waste Management Strategy
- Sustainable Travel Strategy

Social

The Council has a role to play in addressing the social impact and cohesion across the City. Sustainable procurement has the ability to deliver the following benefits:

- Improvements in working conditions
- More and better opportunities for individuals to improve their skills and get jobs
- Better health and well being through increased employment and active citizenship

In addition, sustainable procurement will assist the Council in delivering on the three main focus areas of the new community strategy:

- jobs and prosperity
- education, learning and skills
- quality of life

Similarly, sustainable procurement has the potential to assist in the delivery of the Equality of Cohesion Strategy.

Benefits for the Council

Collectively, sustainable procurement has the ability to deliver the following benefits to Hull City Council:

- Reduction in costs
- Keeping ahead of increasing demands for sustainable goods and services by the communities we serve
- Social and economic benefits such as the creation of employment and training opportunities

11. Conclusion

The Corporate Procurement and Commissioning Strategy will enable the Corporate Procurement function to contribute to the delivery of the strategic vision and objectives of Hull City Council.

It sets out the approach we will take to Strategic Procurement and Commissioning and focuses on the partnership required between Corporate Procurement, Directorates and the service areas to achieve value for money and deliver optimum outcomes for the community.

Through effective implementation of this strategy we will achieve a consistent category based approach to procurement which can provide the necessary support to Directorates in understanding supply markets, informing and challenging the decision-making process and implementing chosen decisions. This will encourage the integration of objectives and approaches between Corporate Procurement and Directorates and has the ability to achieve shared outcomes and benefits.

The next five years will be challenging, however the future will see the profile of procurement raised and improved across the organisation as Corporate Procurement make a valuable and lasting impact in overcoming challenges, delivering aims and realising the Corporate vision for Hull City Council.

Appendices		Page
1	The Strategic Context	30
2	Definitions	37
3	Leadership and Governance	38
4	Legal Context	40

Appendix 1 Strategy –The Strategic Context

The purpose of the Sustainable Commissioning and Procurement Strategy is to define a strategic approach to the way in which we commission and procure goods, services and works and to lay down a series of policy principles that guide all related activity.

The Council and the city have developed a series of policies that set out the ambition within which this Strategy has been formulated.

The City Plan to sets out ambitions for the City over the next ten years.

The Health and Wellbeing Strategy articulates the strategy for the improvement of Public Health in the city.

The Property Strategy identifies the aim to make best use of the Council's physical assets by limiting assets to what is needed to facilitate service delivery and regeneration, thus reducing the costs incurred in maintaining the property estate. The developing IT Strategy initiates the discussion upon how transformational change will be facilitated.

A The City Plan

The City Plan recognizes that to create and embed permanent change requires the creation of local employment opportunities for those who live within the city so that they have the means to achieve personal and consequently city wide prosperity. Accordingly the primary aim of the City Plan is to create 7,500 jobs for local job seekers over the next ten years.

The City Plan articulates five priorities to achieve the main goal to create and sustain jobs in Hull. These are –

1. Harness all Hull's assets to become the leading UK Energy City Hull's location and its skilled workforce will see it become the UK hub for renewable energy industries and investment. Local businesses, agencies and communities will be trailblazers for producing and saving energy – creating jobs, cutting the city's carbon footprint and making Hull a sustainable city. This aspiration translates into a requirement to realize opportunities to incorporate Environmental improvement through the Council's approach to procurement.
2. Make Hull a world class visitor destination Hull will be known across the UK and beyond for its unique heritage and culture – a city with fascinating, world class places to visit and great things to do. Visitor numbers will treble and more residents will take part in Hull's rich and varied culture, leisure and sporting activities.

This aim requires the support of the service in progressing procurement exercises which will facilitate the effective delivery of the Council's major capital projects.

3. Help residents to make their money go further Hull will be a place where people and organisations come together in imaginative ways to cut the cost of living and help families manage their finances so they're better able to cope during tough times.

There are three Programmes targeting food, finance and fuel that will accelerate tangible change for local residents under this priority.

This aim interacts with the Care Act 2014 which seeks to empower individuals to

4. Prevention and early intervention

The vision is to establish Hull as a place where everyone matters, and where everyone has the opportunity to be the best they can be. We will provide the right support to the families that most need it – when they most need it. Timely support to strengthen those families that need it will help them to play a fuller and more rewarding role in the community and the life of the city.

This priority translates into the creation of employment opportunities through enabling effective partnerships with schools and creating the opportunity for apprenticeships and permanent employment.

5. Safeguarding the most vulnerable residents

Hull will be a place where vulnerable residents are supported to stay as independent as possible - for as long as possible. When extra support is needed, it will be provided in such a way that enables residents to keep as much control over their lives as possible.

B Health and Well being Strategy

The Health and Wellbeing Board have a duty pursuant to S195 of the Health and Social Care Act 2012 for the purpose of advancing the health and wellbeing of the people in its area, encourage persons who arrange for the provision of any health or social care services in that area to work in an integrated manner and further required the Board to provide such advice, assistance or other support as it thinks appropriate for the purpose of encouraging the making of pooled fund arrangements

The Board also have a duty to reduce health inequalities.

(i) The Strategy

The three core aims of the Health and Wellbeing strategy are underpinned by key outcomes which the Strategy seeks to facilitate. Of these outcomes the following are considered most relevant to the delivery of Social Value through the Procurement Process and guide the structuring of the Council's approach to realizing Social Value.

1 The Best Start in Life

- Leaving education with formal education and the qualifications and skills to to fulfill their aspirations for work and life

1 Healthier, longer happy lives

- More people will be in good quality secure jobs and earning at least the minimum income needed for healthy living
- More people will be active, skilled and knowledgeable, making positive lifestyle choices and viewing good health as desirable.

2 Safe and Independent Lives

- More people will be confident and competent in managing their own health and wellbeing
- More people will have control over their care and support needs, up to and including the end of life

(ii) Integration and Joint Working

1.1 **Context**

S195 of the Health and Social Care Act 2012 included the requirement that a Health and Wellbeing Board for the purpose of advancing the health and wellbeing of the people in its area, encourage persons who arrange for the provision of any health or social care services in that area to work in an integrated manner and further required the Board to provide such advice, assistance or other support as it thinks appropriate for the purpose of encouraging the making of pooled fund arrangements

1.2 **Mental Health Services**

In 2015-6 the Council delegated its funding for Mental Health Services to a Pooled Fund by which means the Council's mental health services were brought together with mental health services commissioned by the Clinical Commissioning Group and commissioned jointly from the Humber Foundation Trust. As a consequence all staff involved in providing the services within the Council were transferred to the Humber Foundation Trust providing a single integrated mental health service for the city.

1.3 **Better Care Fund**

At the commencement of the 2015-6 financial year the Council and the Clinical Commissioning Group established a £31m Pooled Fund, the Better Care Fund through which to work together jointly to establish an integrated approach to manage demand for health and social care services. The fund encompasses key areas of joint preventative and rehabilitative work including See and Solve, Telecare and Telehealth, Reablement, Intermediate Care, Community Equipment, Community Rehabilitation and Advocacy and support for carers. Reports upon performance of the fund are received by the Health and Wellbeing Board. Following a survey of service users the performance measures now include an assessment of patients upon whether the people who provide care work together well which directly tests through patients how integrated delivery is being progressed.

1.4 **Joint Commissioning**

The Council and the Clinical Commissioning Group have worked together to Jointly Commission a number of services within the year, including the Community Equipment Contract and the Carers Contract through which support is provided to assist people to remain within their homes. Joint Commissioning is recognised as essential to future development of integrated working.

1.5 **Information Technology**

Under the umbrella of "Hull 2020" the Public Sector Organisations across Hull and East Riding are working together to establish a joined up strategy for the delivery of Information Technology solutions to support the delivery of integrated services

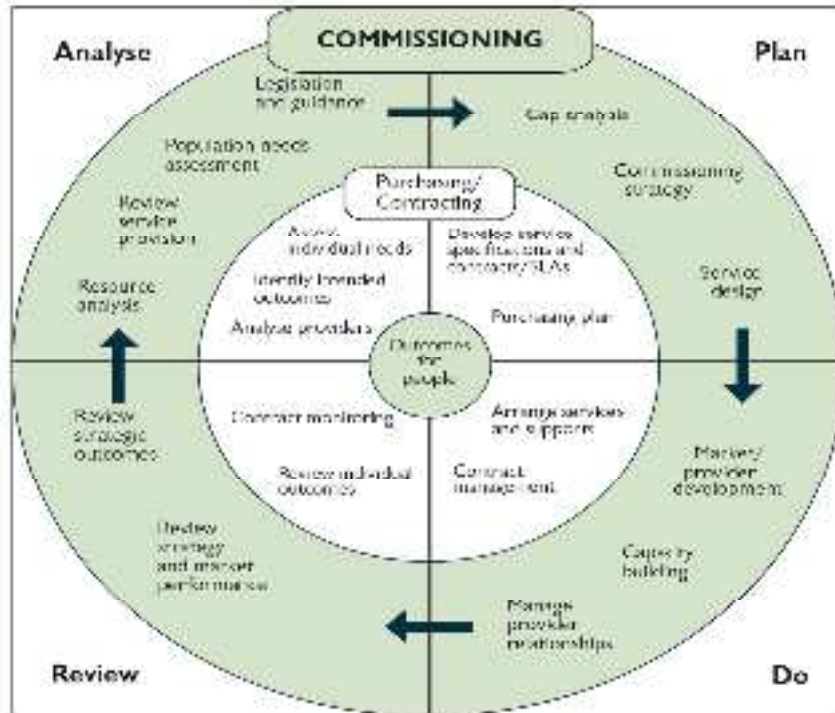
1.6 **Joint Strategic Commissioning Group**

The Joint Strategic Commissioning Group will make co-ordinated strategic commissioning decisions which will improve outcomes for children, young people, adults and older people by working with and through those who provide.

The group brings together professionals across Housing, Health and Care to ensure the best use of funds when scoping, developing or reviewing the need

for a service. This Joint Commissioning Group form when reviewing a specific contract service provision.

Figure 1: Joint Commissioning Model for Public Care



C The Property Strategy

The Property Strategy incorporates five core objectives:

Objective A – to optimise the use and value of land and property assets to maximise revenue income and capital receipts

Objective B – to effectively manage the estate to deliver revenue savings and efficiencies through proactive asset management and sound decision making

Objective C – to deploy land and property assets to promote socio-economic growth to deliver investment and jobs for local businesses and to support sustainable communities

Objective D – to use and invest in our land and property assets to protect frontline services and to support the delivery of the Energy City and City Plan.

Objective E - to work collectively in partnership with the public sector bodies, funding agencies and voluntary and community sector to align asset management and investment plans to ensure a coherent and coordinated approach across the City

These objectives are seeking to contribute toward wider citywide outcomes of:

- Increased levels of employment and investment
- Reduced health inequalities
- Improved skills levels
- Reduction in child poverty
- Improvement in quality of the life/perception of living in the City

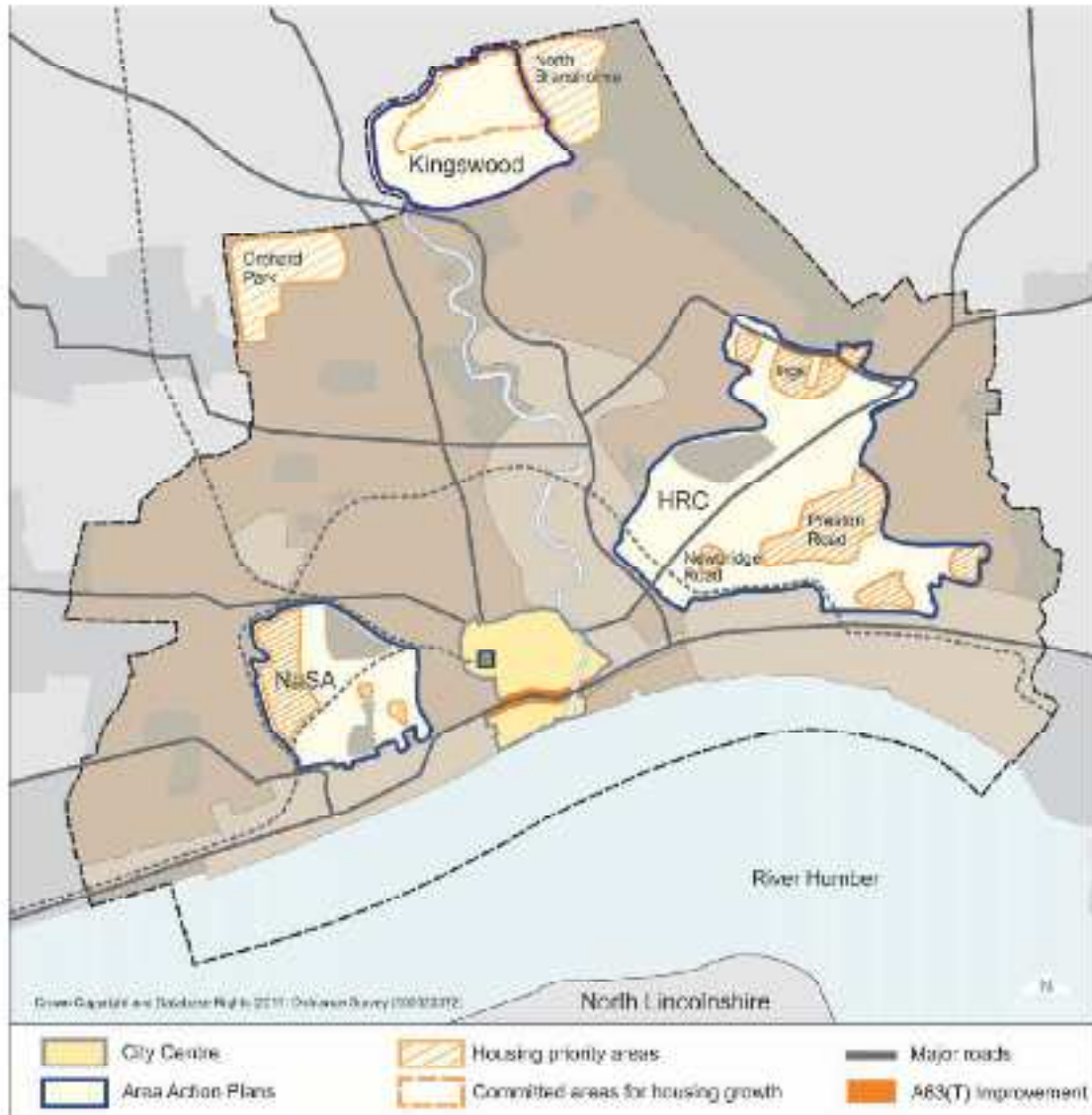
D Housing and Neighbourhoods Renewal Strategy

The vision within the Housing and Neighbourhoods Renewal Strategy is to ensure that the city's housing stock meets both individual needs and the aspirations of citizens and those moving to the city encompassing safe neighbourhoods with an appropriate mix of good quality housing within a high quality, well managed environment.

Deliver is through;

1. Increasing Housing Options and meeting housing need
2. Improving access to housing for all
3. Improving the quality of housing and investing in the existing Housing Stock
4. Improving neighbourhood quality
5. Neighbourhood renewal and growth

The priority areas for action are set below:



Appendix 2 Definitions

Procurement is the process of acquiring goods, works and services. The process spans the whole cycle, from identification of needs through to the end of a services contract or the end of the useful life of an asset.

Commissioning is a whole service approach to the design, management, delivery and monitoring of a specialist service. It is an ongoing, cyclical process to secure the strategic development of services provided from public, private or voluntary organisations and involves planning, designing, and implementing the range of services that are required. It may be facilitated by procurement activity. It involves assessing and forecasting needs, links investment to agreed desired outcomes, considering options, planning the nature, range and quality of future services and working in partnership to put these in place.

Joint commissioning is where these actions are undertaken by two or more agencies working together, typically health and local government, and often from a pooled or aligned budget.

Sustainable commissioning and procurement involves organisations meeting their needs for goods, works and services in a way that achieves value for money on a whole life basis, in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment. It means using our buying power to purchase products and services which have positive social, economic and environmental impacts and taking these impacts into account at the beginning of the procurement process.

Social Value describes the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment

OECD Due Diligence: a robust written procedure complying with the five step framework as set out in Annex 1 of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas

Appendix 3 - Leadership and Governance

Members and Officers both have important roles in ensuring an effective approach to procurement. Elected Members.

Elected members set the Council's Policy Framework and Budget. Responsibility for procurement falls with the portfolio holder for Business Support and Change and they are accountable for ensuring adherence to the principles within the agreed Corporate Procurement and Commissioning Strategy including:

- Providing strategic direction and agreeing the parameters within which procurement activity takes place;
- Ensuring key decisions arising from procurement activity are made for clear and transparent reasons;
- Providing strategic leadership to enable barriers to the implementation of procurement initiatives to be addressed;
- Developing budgets and savings targets which accurately reflect the potential outcomes arising from procurement activity across the council.

Health and Well Being Board

The Board is responsible for developing a Health and Wellbeing Strategy based upon the Joint Strategic Needs Assessment and measuring success. An Outcomes Framework is used to determine local priorities and to measure success within the five domains of:

1. Health protection and resilience
2. Tackling the wider determinants of ill health
3. Promoting healthy choices and healthy lifestyle
4. Preventing ill health
5. Focusing on premature mortality and the health of the most vulnerable

The Chair of the Health and Well Being Board is responsible for ensuring that decisions made through the Health and Wellbeing Board are consistent with the Corporate Procurement and Commissioning Strategy.

Healthwatch will ensure that the interests of service users are effectively represented to the Health and Wellbeing Board.

The Clinical Commissioning Group is a member of the Board and has overall commissioning responsibilities for health.

Finance and Value for Money Overview and Scrutiny Commission

Procurement falls within the responsibility of the Value for Money Overview and Scrutiny Commission. The Commission is responsible for:

- (b) Assisting the development of the Budget and Policy Framework where it touches upon procurement activity

- (c) Reviewing and scrutinising the performance of the Executive and officers of the Council in relation to procurement activity
- (d) Reviewing and advising upon strategies and decisions coming before Cabinet for determination
- (e) Making recommendations for improvements to cabinet, the full Council and other public organisations.

Corporate Procurement is a regular agenda item at the commission and enables the commission to monitor and challenge the approach of Corporate Procurement.

Governance Operating Model

Effective procurement requires strong working relationships between service directorates and the Legal and Procurement Services established through confidence in the expert advice from those services working together to provide consistent and innovative guidance to client directorates. Bringing the two services together within one Service area has facilitated closer and shared working to achieve this aim. There is recognised to be a need for better engagement and more effective procurement planning and this strategy will support that approach.

Key elements will include:

- Strategic Leadership through the Leader, Deputy Leader, Cabinet and the Health and Well Being Board
- Strategic oversight and review through the Council's Corporate Strategy Team
- Identified Service Area Lead officers for Procurement and Commissioning who are the point of engagement for Corporate Procurement and play an active role in procurement activity. This will involve working with Corporate Procurement to map future requirements, undertaking agreed procurement processes and encouraging compliance to Council frameworks and procurement policy.
- Category Managers for each key category area who will develop market intelligence for their category area to enable them to lead procurement activity within their category informed by a detailed knowledge of the issues that relate to that category and act as the single point of contact for procurement advice and support.
- A Procurement Forward Plan developed by the Category Managers and Service Area Leads working together
- A published and updated Procurement Programme developed by Category Managers and service Procurement and Commissioning Lead officers working together
- The development of an effective suite of reports upon the management and performance of existing contracts and the objectives of this strategy which are reported into Corporate Strategy Team.
- Maintenance of regular reports into the Finance and Value for Money Overview and Scrutiny Commission which will enable progress against the objectives and aims of the strategy to be monitored and reviewed at the member level.

Appendix 4. The Legal Framework for Procurement

The period since adoption of the existing strategy in January 2013 has been a period of unprecedented change within the legal framework for procurement activity.

1. **Key guidance and legislation** enacted in this period includes:

Revised Best Value Guidance 2015

The guidance retains the principle that Best Value authorities² are under a general Duty of Best Value to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”

In restating that Authorities have a statutory duty to consider social value for services above the Official Journal of the European Union (OJEU) threshold at the pre-procurement stage and authorities are advised that they “can of course apply the concept of social value to all their procurements, and this Guidance recommends that social value is considered wherever relevant”.

Finally the guidance restates that before deciding how to fulfil their Best Value Duty – authorities are under a Duty to Consult⁵ representatives of a wide range of local persons. In particular Authorities are expected to “include local voluntary and community organisations and small businesses in such consultation. This should apply at all stages of the commissioning cycle, including when considering the decommissioning of services.”

Public Services (Social Value) Act 2012

The Act requires that the Council in relation to the services to which it applies that the Council consider:

- How what is procured may improve the economic, social and environmental well-being of the area
- How in conducting the process of procurement the Council might act with a view to securing that improvement

In September 2014 Cabinet adopted a policy statement in the implementation of this principle linking Social Value outcomes to the city plan. The statement records that:

“2.1 Social value has been defined as: “a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”.

2.2 In practice social value seeks to enhance and place a tangible value upon the social benefits that can be delivered through procurement, by explicitly identifying, valuing and monitoring those additional benefits within the procurement process and monitoring their delivery thereafter. This in turn helps reduce the overall cost of public service provision by reducing demand for the delivery of public services.

2.3 It is essential that “social value” is not seen as an add on to the procurement process, but rather a core component of contracts that are let to support delivery of the wider benefits that the Council is seeking to realise.”

Health and Social Care Act 2012

A range of changes were included within the Act in particular placing a duty on Health and Social Care organizations to exercise their functions with a view to ensuring that health and social care services are integrated where this will improve the quality of such services and reduce inequalities in relation to access to services. In this endeavour the Act promotes the use of s75 Pooled Fund arrangements between Health and Social Care organizations. Subsequently the Government required the establishment of the Better Care Plan in each area through which funds for the delivery of services between Health and Social Care organizations were pooled within a framework agreed with Government.

Care Act 2014

The underpinning principle of the Act is that of *Wellbeing* and it places a *duty* upon a local authority to promote the wellbeing of individuals. In the furtherance of this duty there is a focus upon early assessment and personal choice, with the role of the social worker becoming more that of advisor upon the mutual development of a care plan for the individual to which both the local authority and the individual contribute funding. There is accordingly a right enshrined within the Act to hold Personal budgets.

There is a requirement that the Council stimulate and influence the market to provide choice, value for money, competition and sustainable service provision to the community, through:

- Market Monitoring and Market Failure Arrangements - Development of performance monitoring tools to ensure close monitoring of providers sustainability.
- Market Shifting Arrangements – To ensure a flexible, dynamic market place which is able to respond to local needs.
- Market Shaping Arrangements – development of market position statements which will be a statutory requirement.

Public Procurement Rules 2015

The Rules introduced wide ranging changes both promoting Social Value and the encouragement of Small and Medium Enterprises, and introduced new procurement processes through which the Most Economically Advantageous Tender could be selected.

In particular the former Part B Services no longer fall outside the Procurement Rules, instead new procedures such as:

- The Light Touch Regime for certain Public Services
- The Competitive Procedure with Negotiation
- And the Codification of the Teckl and Hamburg exemptions

Provided a revised framework for procurement activity.

3 The Council's Response to Legal Changes

The Procurement Service have proactively responded to these legal and policy changes for example through:

- Engaging with the local market in advance of procurement activity and developing relationships with suppliers through workshops to develop better understanding of the supply chain.
- The Development of Social Value Workbook
- The adoption of Social and Environmental Value Policy Statement
- The Promotion of joint procurement activity across health and social care
- The use of the flexibilities within the revised Procurement Rules to promote personal choice for users of public service as a criteria for the call off of services.