



Norfolk County Council Procurement Strategy 2023-2026

Introduction

The aim of this Procurement Strategy is to provide a clear, strategic direction for procurement at Norfolk County Council (NCC), supporting the delivery of the organisation's vision and strategic priorities as laid out in *Better Together, for Norfolk*.

Background

We spend approximately £900m per annum on procured services, works and goods. This consists of:

- about £650m revenue spend via contracts (40% of gross revenue budget)
- a £250m capital programme.

Many people's experience of council services comes from the council's contractors and not its directly employed staff – most social care, waste disposal, highway and streetlight maintenance, construction, road schemes and so forth are done by contractors. And contractors also provide the infrastructure that council services are built on – like software, networks, building maintenance, energy, and water.

So getting procurement right is essential to delivering effective and efficient public services. But it also makes a huge difference to our ability to deliver policy goals – such as net zero – and to our place-based strategies for an attractive environment and a high-skilled economy.

Goals

These goals underpin this strategy and our vision for procurement at Norfolk County Council:

1. To achieve value for money from the goods, services and work we procure, such that we achieve the optimum quality from the available budget.
2. To ensure that contracts deliver what is expected – in terms of costs, time, specification and social value.
3. To maintain sustainable markets where the supply chain is local or regional, such as in care, transport and construction. This includes actively encouraging new contractors and subcontractors to maintain market competition.
4. To build long-term, innovative relationships with strategic suppliers.
5. To effectively manage risks associated with our commercial activity, including inflation, supplier solvency, modern slavery, supply chain resilience, cyber risks, and supplier performance.
6. To build social value considerations into the planning and delivery of all procurement activity – especially net zero and other environmental objectives, local skills and employment, and apprenticeships (especially for care leavers) - to make Norfolk a better place to live, work and study.

7. To exploit our spend data to drive our procurement and commissioning decisions, and to improve performance data and better evidence value for money and outcomes.
8. To comply with national legislation and the council's organisational policies, strategies, and regulations.

The strategy aims to be simple to use and understand to ensure it is an effective governance tool.

These goals will be achieved through:

- Having capable and motivated staff
- The right policies and an effective governance framework
- The right tools
- An effective relationship between the procurement team and the rest of the council
- Continuous improvement.

Medium-term priorities

Our medium-term priorities for procurement are:

- An increased emphasis on savings delivery
- Influencing and then getting full value from legislative change
- Improving the sustainability of local markets, especially for transport and care
- Stronger contract and supplier relationship management and effective supply chain risk management
- A focus on reducing our Scope 3 emissions in line with the council's Climate Strategy
- Appropriate emphasis on driving a clearly defined set of social value objectives that fit with Better Together, for Norfolk.

Enablers

Capable and motivated staff

Our staff are the foundation for delivering the council's procurement goals. Therefore, we need to ensure we both attract and retain motivated team members, equipping them with the right skills, knowledge, and further development opportunities. This will extend to all staff across the organisation involved in procurement activity, not just members of the procurement team.

To achieve this, we will continually build skills and capacity of staff members through fostering a culture of support and mentoring and through learning and development programmes that include:

- Training on the use of tools, such as templates and playbooks
- Understanding social value, including sustainable procurement principles
- Understanding major risks including supply chain and market sustainability risks, modern slavery, cyber and environmental.
- Awareness of changes in key decisions, policy, and governance
- Additional contract management training where appropriate
- Developing strong negotiation skills, including assessing and negotiating on 'open book' accounting information.

With regard to recruitment, we will continually assess the pipeline of procurement staff, hiring apprentices and graduates to ensure the continuity of knowledge and skills within the team.

Right policies

Policies form a framework to deliver this strategy. They offer a formal expression of the legal and non-legal considerations that underpin our commercial activity. We need to ensure that policies are relevant, consistent, and up to date.

Governance framework

We have introduced a new governance structure for procurement and commissioning, reporting into a Commercial Board chaired by the Head of Paid Service.

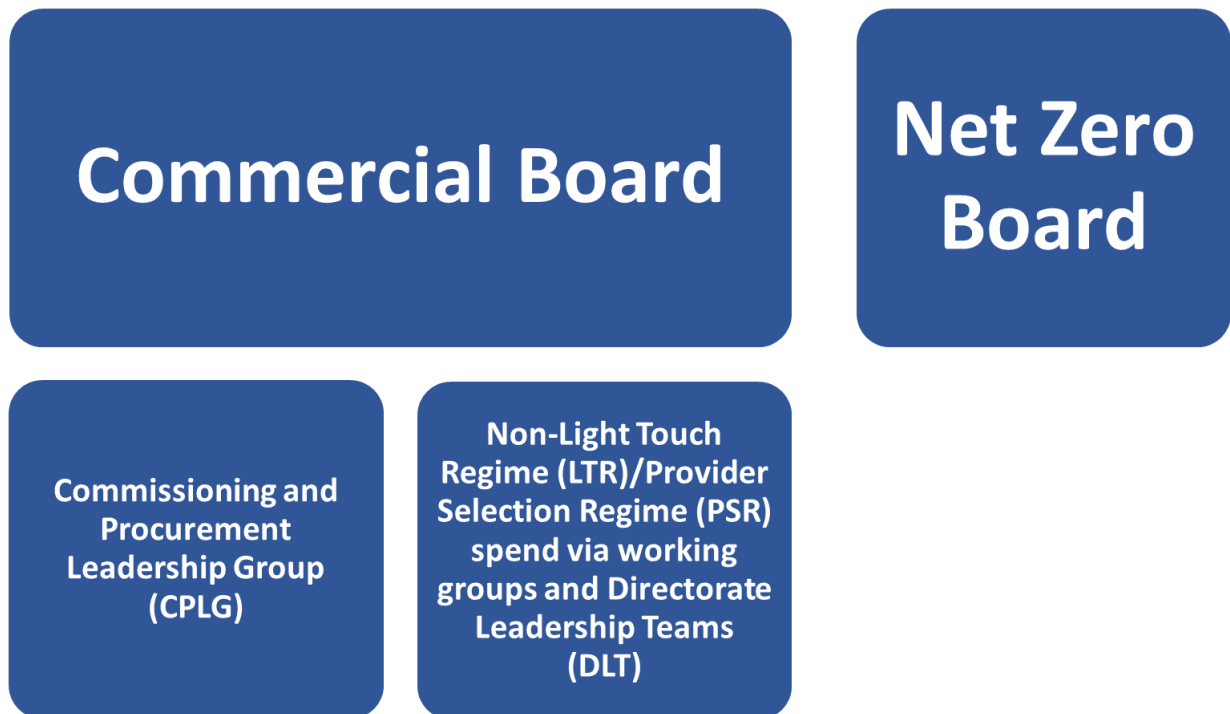


Figure 1: CPLG and non-LTR and non-PSR spend report to Commercial Board. The Net Zero Board also chaired by the Head of Paid Service sits alongside the Commercial Board to ensure we are minimising scope 3 emissions from our supply chain.

The CPLG provides coordination and alignment between the Council’s commissioning and procurement activity across Children’s, Adults and Public Health (including consideration of joint commissioning arrangements) to establish a shared view of opportunities to deliver value for money across key categories of contracted spend.

The following departments are overseen by CPLG:

- Adult social care
- Children's care and education
- Public Health
- Housing
- School's capital
- Education and care transport
- PLO Legal

Other categories are overseen by the relevant directorate leadership teams.

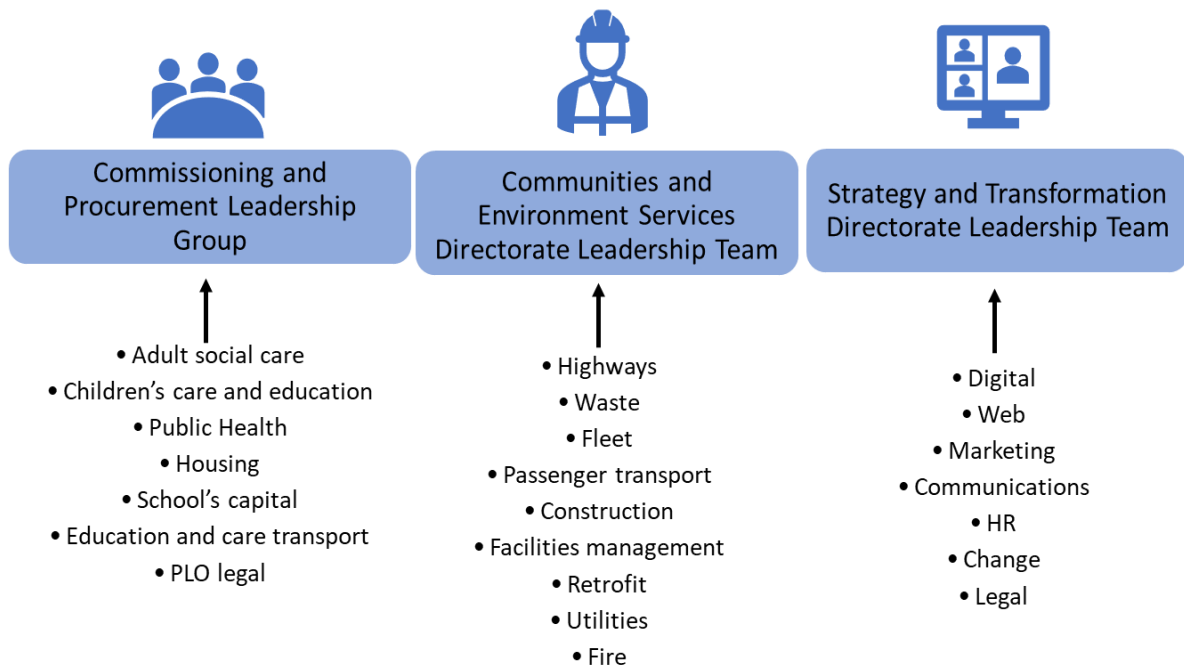
The following categories are overseen by Community and Environmental Services leadership team:

- Highways
- Waste
- Fleet
- Passenger transport
- Construction
- Facilities management

- Retrofit
- Utilities
- Fire

The following categories are overseen by Strategy and Transformation leadership team:

- Digital
- Web
- Marketing
- Communications
- HR
- Change
- Legal



The Commercial Board will:

- Endorse significant category strategies, including carbon reduction plans for major strategies
- Take papers where categories overlap and span multiple directorates
- Monitor major initiatives involving NCC-owned companies
- Approve the pipeline and wave plan for presentation to Corporate Board and then a Cabinet decision

Our governance framework will be regularly reviewed and updated to reflect changes in national procurement law and policy and to ensure it is aligned to the wider organisational strategy and policy. This includes aligning the Contract Standing

Orders with the government's National Procurement Policy Statement; the Council's strategy Better Together, for Norfolk; our Environmental Policy; and any additional organisational policy changes that may arise. This also applies to updating the financial regulations. The schemes of delegation will be reviewed and updated, defining the appropriate level of commercial authority across the organisation.

Procurement law change

We will stay up to date with changes to national procurement law and policy, ensuring their effective implementation into NCC's procurement processes. Two upcoming procurement law changes are the Provider Selection Regime (PSR) and the Procurement Bill. These are once-in-a-generation changes in policy direction.

The Procurement Bill is expected to take effect in October 2024 and sets out proposals to transform public procurement, simplifying and ensuring greater flexibility and transparency across the procurement process. Some of the proposals include amendments to the Light Touch Regime; the combination of existing different procurement regimes into one new unified set of regulations to reduce complexity and improve flexibility; and making the National Procurement Policy Statement have statutory effect

The PSR will replace the existing rules for procuring healthcare services for the health service. Its purpose is to provide a set of more flexible arrangements moving away from the current competition and procurement rules that the government considers are not well suited to the way healthcare is arranged. It is likely the PSR will be implemented and become law in autumn 2023.

We will need to ensure that these legislative changes are reflected in our governance framework and that relevant members of staff are aware of the impacts they will have on our procurements.

Right tools

Category strategies

Given the breadth and variety of commercial areas that we operate in, it is important to differentiate across contract categories in terms of management and strategic objectives. This will involve the development or iteration of individual category strategies for major categories of spend, in cooperation with the business.

The Hamilton model for process improvement

Our procurement process will follow the 3R methodology framework outlined by Alex Hamilton¹. The 3R (repeatable, robots, refinement) methodology is centred around

¹ Hamilton, A. (2021). *Sign Here: The enterprise guide to closing contracts quickly*. Radiant Law Limited.

creating better contracts that are shorter and faster to negotiate, as well as reducing cost per contract and improving risk management. Through following this model, we will ensure that staff time is used efficiently and devoted to where people can deliver the most value to our commercial activities.

Table 1: The 6-stage procurement process against the Hamilton 3R methodology framework

3R methodology	1. Initiate	2. Draft	3. Negotiate	4. Sign	5. Manage	6. Track
Repeatable	Intake process and training materials	Templates	Playbooks	Approval process and signing policy	Renewal management	Process map and service levels
Robots (Automation)	Portal and intake system	Document automation	Word extension	E-signatures	Contract management	Matter tracking/dashboard and knowledge system
Refinement	Capacity and demand management	Template improvement and template automation	Negotiation optimisation	Risk management	Contract extension and performance management	Process optimisation and data analytics

Repeatable

This stage involves the standardising of our procurement process. We will develop a wider set of basic tools such as contract templates and playbooks to help drive improvements in the consistency and quality of our contracting process. Used appropriately, these tools can allow for the right balance of covering the important areas of contracts but reducing their length and complexity where possible. Where there are significant risks in contracts, playbooks can help highlight these areas and provide a more systematic approach to addressing them.

Robots [automation]

Technology is pivotal in delivering efficiencies, improving performance and driving consistency across the procurement process. Using technology, we will create a line of structured, automated data from end to end of the procurement process. This will include the automation of:

- Intake forms
- ITT and contract templates
- E-signatures
- Purchase order production
- Master data management

This will improve efficiency and remove opportunities for error, facilitating better contracts that are quicker to execute, and faster to negotiate.

As part of this automation, we have already replaced our existing finance and procurement system with myOracle to simplify business practices across the organisation and with our suppliers. We are augmenting MyOracle with robotic process automation (RPA) to automate purchase order production and then a range of other repetitive processes.

We will consider replacing our existing legal documents automation software with an alternative based on open source software. This will avoid us being locked into a particular vendor as we develop a much broader suite of templates.

We will also seek to introduce a single contract management tool. Although we have a central contract database, which is used to drive the procurement pipeline and identify sourcing and renegotiation requirements, this is not widely used outside procurement, and it does not cover performance against KPIs (Key Performance Indicators).

A single tool will:

- Support better management of the portfolio across procurement and commissioning;
- Enable tighter performance management, and publication of performance against KPIs as required by the Procurement Bill; and
- Make it easier to comply with the requirement in the Procurement Bill to publish our pipeline.

Refinement

We will strive to continually refine our procurement process, driven by our stakeholders' needs. We will draw upon data analytics to identify performance gaps, fixing any issues with short quick projects.

Relationships within the council

Effective working relationships are critical to getting value for money from procurement spend and delivering on other policy objectives. Critical officer relationships include:

- Capital teams including waste, highways, corporate property and school capital
- Adult, children's, passenger transport and public health commissioning
- The legal team
- The IT department, as both a significant procurer and a technical enabler, and the information and analytics team

- The Fire and Rescue Service
- Quality assurance teams
- Brokerage and care arranging teams
- Economic development
- Sustainability
- Resilience.

We will work together with colleagues through:

- The commissioning and procurement leadership group and its sub-groups, for education, health and care contracts;
- Shared systems – in particular shared contract register, pipeline and contract management tools;
- Shared training – including in negotiation skills, modern slavery, net zero and the forthcoming legislative change;
- Joint contribution to policy decisions.

Continuous improvement

We will view improvement as a continuous process that is integrated as a way of working rather than a one-off task. The Commercial Continuous Improvement Assessment Framework (CCIAF)² is designed to help drive continuous improvement in commercial practices across the public sector. It provides a framework for self-assessment to benchmark commercial operations against good practice standards and a forum for collaboration and learning. We will use it to measure our progress and benchmark ourselves against it. We will aim to be a leading source of best practice in local government and to compare ourselves to the best in the sector.

To facilitate continuous improvement across our procurement process, we will:

- Ensure the continuous refinement of tools, systems, and processes in light of experience of what works and what could be better.
- Be open to respond to changes in business needs and technologies.
- Ensure feedback and learning is integrated to the way we work, with the regular review of systems, tools, and policies.

² Government Commercial Function. (2021, September 29). *Government functional standard G08: Commercial and commercial continuous improvement assessment framework*. GOV.UK. Retrieved May 17, 2022. [Go to Government Functional Standard G08 on the GOV.UK site](#)

Medium term priorities

Savings

We will prioritise making savings across our procurement activity. To do so we will need to:

- Keep our contract pipeline under close review to ensure we have sufficient time to renegotiate and extend contracts.
- Utilise contract break points effectively as opportunities to drive value for money in multi-year contracts.
- Ensure that our team members and our commercial colleagues across the council are equipped with strong renegotiation skills.
- Make use of the flexibilities afforded by the Procurement Bill and [for public health services] the Provider Selection Regime to get best value from new contracts.
- Work with our strategic suppliers to build constructive, long-term relationships that enable both sides to benefit from innovation. The PSR permits the extension of contracts without tendering where sufficient benefits are being achieved.

We recognise the need to make trade-offs between savings, quality and social objectives. For carbon savings, we will be guided by our internal carbon pricing mechanism.

Legislative change

With both the PSR and the Procurement Bill coming into law we need to prioritise their seamless implementation into our procurement processes. This will involve ensuring that the relevant people are aware of the legislative changes and their implications on procurement; providing training for those involved in the procurement process; amending our governance framework to reflect the legislative changes; and identifying the effect on the procurement pipeline.

Contract and supplier relationship management and supply chain risk

Contract and supplier relationship management is fundamental to achieving value for money and managing risk. Both contracts and suppliers will be segmented according to the Council's judgement of risk, value, criticality, and carbon. We will establish consistent criteria for defining this segmentation.

Effective supplier relationship management will allow us to develop a two-way, mutually beneficial relationship with our strategic suppliers. By developing a closer working relationship and strengthening transparency we can identify our level of exposure to risk; drive and monitor performance; and foster innovation and business

development by identifying opportunities that builds value for both the customer and the supplier.

It will be critical to seek to maintain and develop local markets, especially in categories that have been badly hit by staff shortages and inflation, such as social care and passenger transport. These markets are typified locally by a high degree of fragmentation, although there are also a number of more strategic suppliers.

Growth, net zero and social value

In line with the National Procurement Policy Statement, we will prioritise building social value into the planning of all procurement activity. This will cover the creation of new business, jobs, and skills; tackling climate change and reducing waste; and improving supplier diversity, innovation, and resilience.

With our supply chain responsible for a large proportion of NCC's overall emissions we need to ensure that we prioritise opportunities in procurement, through the delivery of our contracts, on carbon reduction and waste reduction measures. Part of this process will be to ensure we provide learning and development opportunities for team members, so they understand how net zero and social value practices feed into the procurement process. We will also continue to update our governance framework to reflect our net zero and social value priorities.