

## **Delivering the Council Plan – The Workforce Strategy and the Procurement and Commissioning Strategy**

### **Summary**

1. The Council Plan 2011-2015 sets out three supporting core capabilities, to become
  - A confident collaborative organisation
  - Completely in touch with our communities
  - Relentless focus on our priorities.
2. This report sets out two strategies that are central planks to support the delivery of the Council Plan, the Workforce Strategy and the Procurement and Commissioning Strategy. Both these strategies will develop capability and capacity in each of these three areas.

### **Workforce Strategy**

#### **Background**

3. The Workforce Strategy 2012-15 replaces the Workforce Plan of 2010-12 which was the council's first strategy of this kind focussed on the future size and shape of our staffing resource. In producing the first corporate Workforce Plan it was acknowledged that an annual refresh would always be needed to ensure the Plan reflects changing priorities and current needs, and meets the essence of workforce planning: *'ensuring the council has the right people, with the right skills, in the right places, at the right time to deliver the right services to our customers'*. This was particularly the case in 2011 with unprecedented changes in government policy and impacts on national and local spending decisions.
4. In the light of these impacts, instead of a refresh, a fundamental review of workforce priorities has been undertaken over the last 9 months to ensure that the workforce is sufficiently shaped and skilled to deliver the priorities laid down in the new Corporate Plan. The council has worked with equalities groups both inside and outside of the council, and with trade unions as well as Human Resources and learning and development professionals to develop the Strategy shown at Annex 1.

5. The draft Workforce Strategy sets out the strategic priorities for the development of the council's workforce, and how core competencies will be delivered through the following priority areas:

**Skills and Behaviours Development** – to have visionary and ambitious managers and leaders who can develop, motivate and lead our workforce to deliver our services effectively in challenging times. To further develop our teams so that in providing our services they can demonstrate flexibility, innovation, decision-making and at all times excellent customer service.

**Recruitment and Retention** – to recruit and retain a workforce with the skills and values we need, promote jobs and careers as an employer of choice, and identify, develop and motivate talent. To develop and maintain a diverse and inclusive workforce, actively challenging and addressing accessibility barriers and issues.

**Pay, Reward and Recognition** – to provide good and flexible reward packages within the current financial constraints and ensure fairness across all groups of employees. We will recognise great work and ideas.

**Wellbeing and Engagement** – to be an organisation where risks are managed sensibly and proportionately to ensure the levels of accidents and incidents of occupational ill health are as low as possible. We will actively promote and manage wellbeing including effective and active employee engagement.

**Performance and Change** – to be an organisation that can transform quickly and effectively, that is highly productive and focussed on achievement, that values and engages with employees and has a culture that is collaborative, innovative, inclusive and creative.

### **Delivery Plan**

6. The council's Human Resources (HR) team have worked with the University of York to produce a detailed draft plan to support the delivery of the key actions described under each priority area in the Strategy.
7. A Workforce Steering Group or Strategy Board is to be established to begin to deliver the work programme, chaired by a member of the Corporate Management Team. Directorate leads supported by senior HR officers will become workstream or priority leads, and will report back to the Board on progress. This will secure cross council ownership of the Strategy, and allow a number of pieces of work to be delivered concurrently, which will be more effective than the actions being buried within an operational HR service delivery plan.

## **Consultation**

8. To supplement the engagement described in paragraph 4 above, the work with the Staff Equalities Reference Group (SERG) in particular, has resulted in the restructuring of the group's 2012 work programme to focus on each of the five Strategy priorities described above. The first event held in recent weeks focussed on Health, Safety and Well-being and will inform, for example, the development of a Dignity at Work Policy. The event planned for May 2012 will focus on Recruitment & Retention and will, in particular, focus on plans for the 2012 apprenticeship recruitment process and how the council can attract candidates from communities of interest, and then retain them with effective succession planning programmes. Outcomes from engagement activity is shown in Annex 2 and Annex 3.

## **Communication Plan**

9. If approved a programme of communication with staff will commence initially with articles on the staff intranet site and in the staff magazine with links to the Strategy. An easy read version of the strategy will be produced and we are considering a British Sign Language version to be made available electronically and/or on a DVD. All employees will receive a copy of the Strategy, with alternative versions and languages available upon request. Progress against the delivery plan will be reported through the Strategy Board and as part of the council's regular performance management reporting framework, and monitored by the Effective Organisation Overview & Scrutiny Committee.

## **Procurement Strategy**

### **Background**

10. Over the last two years the council's approach to procurement has developed significantly but the formal Council Procurement Strategy has not been refreshed for a number of years and is now out of date. This strategy reflects the new approach that has been developed over the last year and is designed to deliver savings and improved outcomes from public expenditure. It sets out how we intend to use procurement to deliver greater social economic and environmental benefits through our supply chain and how we will make it easier for a wide range of suppliers to do business with us. It also reflects changes to the legislative framework within which public sector procurement operates. The new Procurement and Commissioning Strategy is attached as Annex 4.

## Efficiency

11. The council, like other public sector bodies, faces challenging financial times. As a result of the Government's deficit reduction programme and subsequent reductions in grant funding, accompanied by increases in demand for social care services, rising land fill costs and increased fuel costs, the council has had to make savings of £21m in the year 2011/12 and will have to make a further £19.7m savings over the next two years.
12. In 2010/11 the council spent approx £122m on goods and services from capital and revenue budgets. It is therefore essential that procurement drives out value for money and delivers savings to contribute to these totals. In the recent budget report nearly £11m savings will be delivered over the next two years from efficiency measure, service reviews and procurement. In order to contribute to these totals procurement activity must utilise a commercial approach focussed on :

**Demand Management** – We will make sure that what we buy delivers the outcomes we seek. We will only buy what we really need at a quality that is good enough to do the job but not better than we need.

**Category Management** – By grouping together products and services according to their function and aggregating our spend we can maximise our buying power and achieve economies of scale.

**Contract Management** - By managing contracts from the point of award until expiry, we will be able to ensure we get what we pay for and that suppliers perform well for the duration of the contract.

**Supplier Relationship Management** - We will build strong, long term, positive relationships with our suppliers across all sectors, to ensure that all parties are delivering against the commitments, and engage suppliers and customers in positively shaping future requirements and solutions.

**Making it easier to do business with us** – ensuring that all our commissioning and procurement activity is well advertised and web enabled and that the cost to a supplier in bidding for work is as low as possible by standardising and simplifying bidding processes. There will be no unnecessary barriers to doing business with the council, opening up opportunities to a range of suppliers from all sectors.

**Collaboration** – working with other public sector bodies to improve our buying power and reduce the cost of procurement activity. Working with the public and suppliers of all sizes to explore innovative solutions

## Social Economic and Environmental Benefits

13. In the current economic climate the local economy needs all the support it can get and making the most of our spend in the local economy is a real opportunity for us to contribute. The **Public Services (Social Value) Bill 2012** has just been given Royal Assent and it makes provision for broad social, economic and environmental benefits to be considered alongside cost and quality in all public sector procurement.
14. This strategy makes a commitment to use this “triple bottom line” evaluation in all procurement activity in order to maximise the beneficial impact of public sector spend in the city and in our communities. This does not mean that we will always use local suppliers, we need to balance the cost and quality of services to achieve the best balance of overall benefits. It does however allow us to take account the impact of the procurement upon our local economy (e.g. jobs created), on our environment (e.g. CO2 reductions) and on our communities (e.g. greater social cohesion).
15. Demonstrating social value can be a difficult and resource intensive process. An organisation has to describe a variety of soft outcomes demonstrating what social value has been achieved. We are developing our evaluation models to include social value but we will also work with the voluntary sector and SMEs to enable them to articulate and quantify their social value without this becoming an onerous burden that favours larger organisations.
16. The **Localism Act 2011** comes into force on April 1<sup>st</sup> 2012. However following delays from central government in developing guidance, the Community Right to Challenge aspects of the Act will not be introduced until October 2012. This will give social enterprises and community groups, parish councils and local authority employees the right to express an interest in taking over the running of a local authority service. The local authority must consider and respond to this challenge; and where it accepts it, run a procurement exercise for the service where the challenging organisation can bid. This makes it easier for local groups with good ideas to put them forward and drive improvement in local services.
17. City of York Council is extremely open to considering new and better ways to design and deliver services. We recognise the potential to employ alternative service delivery methods to provide high-quality services at good value. We therefore positively embrace this aspect of the Localism Act and await guidance on the mechanisms for expressing interest from Government (now due October) and we will define and disseminate our approach to as soon as this is received.

## Current Progress

18. In the last year we have made significant improvements to the procurement activity of the council. We have :
  - Developed Forward Procurement Plans for each Directorate setting out when we will be tendering for goods and services
  - Engaged with local suppliers through a series of meet the Buyer days
  - Engaged with the voluntary sector to explore opportunities for them to bid for work
  - Procured a new Supplier and Contract Management system that will help us manage our forward plan, identify opportunities for collaboration and category management, make it easier for companies to bid for work
  - Created a Contracts Register which will be published online so that all suppliers can see when bidding opportunities are coming up
  - Recruited a new team of commercial procurement experts to implement the new commercial approach set out above
  - Recruited Apprentices to build the skills of young people in this important discipline
  - Led a procurement challenge as part of GeniUS! York, a digital platform seeking to inspire and enable everyone in York, including residents, visitors and businesses, to join forces in the bid to solve key city-wide challenges
  - Aligned the work of the procurement team with that of both legal and financial teams to improve focus and establish a benefits realisation regimen
  - Provide dedicated support to Directorate Management Teams to assist with the delivery of procurement savings
  - Taking a regional lead on joint procurement of catering and PPE to drive out better deals from combining our spend across authorities
  - In discussion with Higher York to explore potential joint procurement on travel and accommodation, facilities management, car park cash collection, physical secure and non-secure storage solutions.
  
19. We have used innovative approaches to get greater financial advantage from contracts and to engage local and voluntary sector organisations in new and innovative solutions. Some examples are:
  - Taxi service for vulnerable children and adults – The procurement was structured to provide opportunities for collaborative bids and/or SME bids by breaking the tender down into 7 separate lots. The result was that one local consortium was successful in winning all lots within the contract on a cost and quality evaluation. Savings of 17% (circa £314,000 per annum) will be delivered over three years and it is expected further efficiencies will be achieved through rationalisation of administrative functions.

- Fleet purchase – The procurement to replace an aging and uneconomical fleet of light commercial vehicles (LCV's) was undertaken using a regional framework. The average discount awarded to the council was 38%, which resulted in a cost avoidance of approximately £986,000.
  - Tenants Choice – Through renegotiation and restructuring of existing contracts and implementing process changes within the service to allocate work more effectively informed by customer feedback, we delivered a £500,000 savings over an 18 month period. Further savings are expected from a retendering exercise which is just concluding.
  - Homecare - Due to insufficient capacity within the local market, the council decided to create a “tiered” approach for the procurement thus giving small, local providers the opportunity to bid either as a consortium for the bulk requirement in Tier 1 or for the smaller requirements in Tiers 2 & 3. As part of the procurement process we removed the historical block purchase of hours to a model which pays for the actual hours of care provided, delivering a saving (cost avoidance) of approx £280,000 over three years.
  - Integrated Substance Misuse Treatment Services - By redesigning the service delivery model i.e. three suppliers being replaced by one supplier to eradicate duplication in services delivered and to make the service more streamlined, approximately £150,000 per annum has been saved over the term of the contract. This saving has been put into providing a brand new and cutting edge Abstinence Programme for Drugs and Alcohol that ties into the Government Drugs Strategy 2010 and is now a Government requirement to provide this service
20. We are tendering for catering facilities in West Offices and Hazel Court and have engaged local SME's and voluntary sector/social enterprises to bid. The tender will be evaluated on broader social and economic benefits such as opportunities for employment for people with learning disabilities and a commitment to fair-trade beverages.

## **Delivery Plan**

21. Though much good work has been done there still a lot to do; a full strategy delivery plan is being developed and will be made electronically available in April. Detailed Forward Procurement Plans have also been developed and these will be monitored on a quarterly basis through Directorate Management Teams.

## **Consultation**

22. There has been significant consultation on the Strategy with equalities groups, local businesses and the voluntary sector. The Strategy was positively welcomed by the majority of consultees and the main thrust of the feedback

was to understand how the commitments in the strategy would be achieved. This has been very useful in helping us to build the delivery plan. A detailed synopsis of the feedback is included at Annex 5.

23. A key question raised through the consultation related to the intention to encourage spend with local SMEs. Consultees were keen to understand how we would define “local”. Given the focus in the Local Economic Partnerships (LEPs) is upon functioning economic geographies we propose to mirror the LEP arrangements and use the same boundaries as the Leeds City Region and the York and North and East Yorkshire LEPs.

## Council Plan

24. These two strategies are essential for the delivery of all of the priorities within the Council Plan by:
- Developing the workforce to have the right skills and behaviours to address future challenges and deliver customer focussed efficient services.
  - Ensuring that our spend on goods and services is shaped by customers and delivers both financial, economic social and environmental benefits that properly connect with local communities and gain public trust.

## Implications

- 25.
- Financial** - The Procurement Strategy will assist the council with the delivery of substantial savings. The potential to drive down costs will need to be balanced with the potential to deliver social economic and environmental benefits through the commissioning and procurement activity.
  - Human Resources (HR)** – Contained within the Strategies.
  - Equalities** - Both Strategies have been consulted widely and are key to ensuring that there is equality and fairness of opportunity for all current and prospective employees for our suppliers and ultimately for customers. Equalities Impact Assessments are attached to this report as Annexes 3 and 6.
  - Legal** – The delivery of the Procurement Strategy will require continued close working with the commercial legal team to develop tender documentation and contracts that create a level playing field for suppliers across all sectors yet still ensure that the council complies with EU legislation and has a strong legal framework to ensure suppliers deliver the required outcomes. The requirements of the Localism Act 2011 and the Public Services (Social Value) Bill 2012 are both provided for in the Procurement Strategy.
  - Crime and Disorder** – None.
  - Information Technology (IT)** - Implementation of a new Supplier and Contract Management System and the new ITrent HR and payroll



system are both essential to support delivery of these strategies. Both are partly implemented and work will continue through the year.

- g. **Property** - The forthcoming move into two Administrative buildings will bring with it the need for the whole workforce to work flexibly. This is central to the Workforce Development Plan.

## **Risk Management**

26. The needs of the organisation have changed significantly over the last 2 years and the current Workforce Plan (2010-12) will not help us to create and support a skilled and flexible workforce that can deliver the Council Plan.
27. The existing Procurement Strategy is out of date and is largely focussed on compliance with EU legislation and Financial Regulations. There is a strong risk that this will not deliver the level of financial savings now required. It also does not set out how the Council might comply with the Localism Act and the Public Services (Social Value) Bill and there is therefore a risk of external legal challenge if we do not establish a list of challengeable services and evidence how we are evaluating the social economic and environmental impacts of potential suppliers as part of the tendering process.

## **Recommendations**

28. Cabinet are asked to:

- a) Agree the Workforce Strategy

Reason: To ensure the delivery of the core capabilities that support the Council Plan and continue to develop the workforce so that they can meet the needs of the organisation now and in the future.

- b) Agree the Procurement and Commissioning Strategy

Reason: To ensure the delivery of the core capabilities that support the Council Plan and improve the social economic and environmental outcomes and the level of savings derived from all council procurement and commissioning activity.

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## Background Papers:

### Annexes

Annex 1 Workforce Strategy

Annex 2 Workforce Strategy consultation feedback

Annex 3 Workforce Strategy Equalities Impact Assessment

Annex 4 Procurement and Commissioning Strategy

Annex 5 Procurement and Commissioning consultation feedback

Annex 6 Procurement and Commissioning Equalities Impact Assessment