

Procurement Strategy 2014/15 - final draft

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Foreword by Cabinet Member for Procurement and the Economy

Welcome to Council's Procurement Strategy. This strategy outlines our procurement priorities and shows how procurement has and can contribute further to the Council's aims for the term of this Cabinet. This strategy brings together local priorities and Welsh Government recommendations for public sector commissioning and procurement.

The Council spent over £185 million during 2013/14 on goods, works and services provided by external organisations, and we have a duty to make sure that our resources are used in the best possible way to meet the needs of our citizens and secure our wider strategic objectives.

Our main procurement and economic priorities are:

- Keeping the benefit local, which includes strengthening business resilience within the county and retaining local economic benefit
- Improving our procurement capability and results
- Utilising procurement to meet the financial challenges facing the Council and effectively deliver services to the people of Gwynedd

As the Cabinet Member with responsibility for procurement, I recognise that effective procurement is key to achieving our aims and objectives. A strategic approach to procurement can achieve significant benefits to the Council, to local people and the local community.

This vision, direction and key priorities outlined have been developed following consultation with stakeholders. Having a strategy does not, by itself, lead to effective procurement. It is the commitment of senior management and Council-wide use of the strategy which are the most important elements in its success.

Mandy Williams-Davies

Cabinet Member

1. Introduction

1.1 *Procurement in Gwynedd*

1.1.1 The Council currently has a decentralised procurement arrangement where Services are responsible for the commissioning and procurement of goods and services.

1.1.2 There is a Corporate Procurement Unit who's role is to monitor and improve the procurement results of the Council. The Corporate Procurement Unit measures and reports on the performance of the Services, and seeks to improve procurement by improving internal processes and understanding of procurement across the Council.

1.1.3 Through effective procurement and commissioning the Council sustainably sources goods and services that ensure value for money for the people of Gwynedd.

1.2 *What we have achieved*

1.2.1 Procurement has contributed significantly to the local community. Listed below are some of the achievements following the publication of the Procurement Strategy 2008-2011:

- Implementation of the Sustainable Procurement Policy and a further successful scrutiny of the Policy.
- Realised Community Benefits in several large scale procurement projects.
- Collaborated with neighbouring authorities with various procurement transformation and improvement projects.
- Created and established collaborative contracts and framework agreements through collaboration with partners across North Wales.
- The implementation of various eProcurement tools such as a fully integrated Purchase to Pay Systems and eTendering suite of tools.
- Realised procurement savings and ensured value for money through our procurement activities and electronic procurement processes.
- Report regularly on our procurement performance and evaluate local spend.
- Developed the procurement skills and capability of both our Corporate Procurement Unit and members of staff across the Services who undertake procurement activities.
- Engaged with the Third Sector through a Social Enterprise Forum and developed a Social Enterprise Toolkit.
- Created a Social Enterprise Procurement Framework for working with the Third Sector and recognised as a Social Enterprise County by Social Enterprise UK.

Such examples of these benefits include:

- Apprentices and work experience as part of large capital programmes such as Ysgol y Hendre, Blaenau Ffestiniog Regeneration Scheme and other builds.
- A National Award Nomination for the implementation of eProcurement in Gwynedd's School.

- Cashable Savings of £200,000 via the successful electronic auctions of public transport contracts.

2. Local Benefit from Procurement Spend

2.1 Category management

2.1.1 The Council wishes to ensure that we maximise the benefit from procurement and commissioning of goods and services.

2.1.2 The Council has undertaken an assessment of its procurement activity and through workshops, consultation with services and external reviews, has identified some key areas for improvement. The Council wishes to address these deficiencies through the adoption of Category Management principles.

2.1.3 Category Management is a strategic approach to procurement and commissioning which organises procurement resources to focus on specific categories of spend. This differs to the current arrangement where services individually procure goods and services. A strategic approach to procurement puts a greater emphasis on conducting in depth market analysis and a greater collaboration between commissioners and procurers. With specific roles and responsibilities to undertake specific tasks, the commissioning and procurement teams can leverage improved purchasing results through category management principles in comparison to traditional, service focused procurement methods.

2.1.4 We believe that this procurement approach can deliver improved procurement efficiency savings, and at the same time increase local benefit.

2.2 Engagement with local Suppliers

2.2.1 As previously mentioned, the Council has identified the development of the local economy as one of its key strategic outputs for the term of this appointed Cabinet. The Council acknowledges that its third party spend can have a significant impact on the local economy and wishes to maximise the benefits to the local economy from this spend.

2.2.2 The Council has identified key performance measures to maximise local benefit, these include:

- Increasing the amount of third party spend from the 2013/14 amount of 40%
- Safeguard and create job opportunities as a result of the Council third party spend
- Increase the use of social clauses in major procurement projects to benefit the local community

2.2.3 The Council believes that a consistent approach to procurement through Category Management can improve local suppliers ability to compete for its contracts. Similarly, transparent practices and publishing the Council proposed forward procurement programme can better prepare the local market to compete for up and coming contracts.

2.2.4 Currently the Council has a centrally managed contracts register and forward work programme, however the completeness of this register must be improved, and this can only be achieved by greater engagement across the Council.

2.3 *Sustainable procurement and local benefits*

2.3.1 The Council implemented a Sustainable Procurement Policy with guidance in 2011. This aimed to ensure that Services undertook procurement activities in a responsible and sustainable manner. The Policy also aims to ensure that we make the best possible use of the Council's expenditure in terms of improving the economic, environmental and social benefit within the County.

2.3.2 The Sustainable Procurement Policy objectives are to:

- Minimise our environmental impact through better selection and improved usage of goods, works and services.
- Ensure that procurement activities are undertaken in such a way that all suppliers, including small and medium enterprises are encouraged to bid for Council contracts;
- Create an environment that provides opportunities to maximise the benefits arising from the inclusion and application of social criteria within procurement activities.
- Ensure value for money assessments are based, where appropriate, on whole life costing and not just initial purchase price.

2.3.3 The guidance, which includes a Sustainable Procurement Checklist and a Sustainable Procurement Tool, assists users to consider the mentioned factors in the design of their procurement approach.

2.3.4 The Council believes that a sustainable approach to procurement is fundamental to ensuring that we maximise the benefit locally from third party spend and this approach will have a positive and long lasting effect on our communities.

2.4 *Developing skills, ability and procurement capacity*

2.4.1 The Council currently has a number of its staff undertaking various aspects of commissioning and procurement, whether it being identifying business needs, publishing tender documents or managing contracts.

2.4.2 The frequency and ability of staff to undertake these tasks varies across the Council and under the principles of Category Management, the Council will seek to co-ordinate this activity better. By giving individuals clear commissioning and procurement roles and responsibilities, we anticipate an improvement in our procurement and service results.

2.4.3 Currently, as part of the Council Corporate Training Matrix there is a standard procurement training course and a further advanced procurement course. The Council will seek to implement a Procurement Competency Framework to ensure that individuals involved in the commissioning and

procurement process are capable and sufficiently supported to undertake strategic and operational sourcing activities.

2.4.4 Through tailored Category Management training and support we can improve our ability to achieve better procurement and service results which will benefit the citizens of Gwynedd.

2.4.5 The Council acknowledges the magnitude of this transformational change and will adopt a gradual approach to implementing the change.

2.5 *Governance and responsibilities*

2.5.1 In order for Category Management to be successfully adopted across the Council there must be clear governance and responsibility.

2.5.2 As part of the implementation of Category Management, the appointed Category Teams will be responsible for the delivery of procurement across agreed categories of spend. This will include the preparation of category plans and procurement plans that must be agreed by the relevant Service Management and the Corporate Procurement Manager. These procurement plans will address the needs of the Service, any efficiency targets identified and how the procurement approach will benefit the local community.

2.5.3 The Category Teams will be under the management of the Services, but, will be required to report professionally to the Corporate Procurement Manager in terms of their procurement results and performance.

2.5.4 To ensure that procurement results are monitored by the Council's Senior Management Team, procurement performance will be reported at the respective Delivery Panel which will include the relevant category Head of Service and Cabinet Member.

2.5.5 The overarching procurement results will be reported by the Category Leads and Corporate Procurement Manager to the Cabinet Member for Procurement and the Economy.

3. **Procurement Savings and Efficiencies**

3.1 *Financial challenge*

3.1.1 As a result of Government and subsequently Welsh Government decision to reduce Local Authority Budgets across Wales, The Council faces a budget deficit of approximately £34m between 2015/16 and 2017/18.

3.1.2 As we have already experienced locally, better procurement can deliver financial savings and contribute significantly towards the financial challenge facing the Council. In order to fully quantify the contribution of procurement we must adopt an approach that can accurately monitor both non cashable efficiency savings, cashable savings and community benefit.

3.1.3 In our Category Management approach to procurement, each category plan must incorporate a savings target or cost avoidance target, with this target being agreed and monitored in order to calculate its impact.

3.1.4 The Council has already adopted a Corporate Procurement Savings Plan. The Council will be required to monitor procurement savings and ensure that each procurement approach best maximises the opportunity to realise savings that will benefit the people of Gwynedd.

3.1.5 Similarly, each category plan must consider possible community benefits as per the Sustainable Procurement Policy.

3.2 *Value for money*

3.2.1 The Council will ensure that all its procurement activity when purchasing goods and service or works represent value for money. As part of the Council Sustainable Procurement Policy it will consider the whole life cost of any acquisition and ensure that any procurement doesn't have any detrimental effect on the citizens of Gwynedd today or tomorrow.

3.2.2 The Council will also, where appropriate, review the internal provision of delivering goods and services to ensure that this is the best model of service delivery.

3.3 *Electronic procurement and efficiencies*

3.3.1 The Council will continuously seek to improve its procurement and purchasing processes to ensure it is as efficient and effective as possible. We will therefore undertake an eProcurement Programme to review all of our tendering and purchasing arrangements. The eProcurement Programme will strive to modernise, through the adoption of electronic tools, all publications of tendering opportunities and the processing of orders and invoices for payment.

3.3.2 The Council will ensure that it will meet the electronic requirements of the European Directive 2014 to make tendering opportunities available electronically by the set date.

3.3.3 Such is the complexity of how Services interact with different suppliers and markets, we may seek to adopt a multiple of tools to be able to trade electronically. The eProcurement Programme will identify the most effective and efficient electronic method and monitor the usage of that agreed method. Each Service will have an agreed approach to electronic procurement that will identify how it will process both its tendering opportunities and processing of orders and invoices.

3.3.4 In order for the Council to be able to notify the local market of up and coming tender opportunities and implement a Category Management approach to procurement, the Council will implement an electronic process of managing contracts. The eContract Management Programme will remind the Services of contract renewal dates to best prepare both the Council and the local market of forthcoming procurement exercises. In a similar fashion, in order for the Council to adopt a more strategic approach to procurement the Council will attempt to integrate all contract referencing with the Council's current financial budgeting processes.

3.3.5 Better visibility of procurement spend will allow Services and Category Teams to make more informed decisions of the best use of the resources available to deliver services to the people of Gwynedd. Similarly, accessible and transparent procurement process will allow the local economy to be aware of contracting opportunities.

4. **Wider procurement ambitions**

4.1 *Collaborative Procurement*

4.1.1 The Council will seek to collaborate with other Welsh Authorities and public bodies where it can benefit the people of Gwynedd. This may include the sharing of best practice and exchanging experiences to identify and develop better ways of procuring.

4.1.2 The Council will also consider collaborating with others to aggregate demand for goods and services, this can potential leverage better prices and also reduce the procurement effort required.

4.1.3 Following the establishment of the National Procurement Service which establishes collaborative frameworks. The Council will actively engage with the National Procurement Service and best utilise the collaborative framework made available. When deciding on the use of any framework, we must ensure that the framework represents value for money in terms of quality and cost. Factoring also, the effort of establishing a similar arrangements and whether it represent any benefit to the local economy.

4.2 *Welsh Language Policy*

4.2.1 As part of the procurement strategy and its wider efforts, the Council is committed to promoting and safeguarding the use of the Welsh Language. This strategy outlines the Council's commitment to adopt the Welsh Language Board's '*Advice under Section 3 of the Welsh Language Act 1993*' by embedding the '*Contracting out public service contracts and the Welsh Language*' within its procurement practices. The Council will revise the relevant policy and procedural documentation to include the practical assistance within this paper.

4.3 *Social Enterprises and the Third Sector*

4.3.1 The Third Sector includes, voluntary organisations, community groups, self-help groups, community co-operatives and enterprises, religious organisations, and other not for profit distribution organisations.

4.3.2 The Council acknowledges the Third Sector as a vital sector in delivering essential services. The Council will build on it's working relationship and engage with the Third Sector to ensure that we consider all options of sustainable service delivery and value for money for the people of Gwynedd.

4.3.3 In light of the current financial challenges, the Council is reviewing a range of service delivery options and is working to identify further opportunities to work with the Sector. The Council will consider alternative service delivery models where appropriate which could be met by the Third Sector.

4.3.4 The Council believes the further embedding of the toolkit and framework will assist both parties in developing it's working partnership.

4.4 *Compliance and procedures*

4.4.1 The Council will ensure compliance with all statutory procurement rules and regulations, these of which includes the:

- Directive 2014/24/EU of the European Parliament
- Public Contract Regulations 2015

In addition, individuals undertaking procurement activity must ensure that they work to the guidelines of the Council Contract Procedure Rules and any Welsh Procurement Policy.

5. **Key Procurement Commitments**

5.1 *What we want to achieve*

5.1.1 This procurement strategy outlines the key procurement outputs we wish to achieve. We will set the following target dates to embed the objectives of this procurement strategy:

Key Outputs for Completion	Target Date
Implementation of Category Management in the Pilot Category	June - 2015
Implementation of Category Management across all categories of spend	Sept - 2016
Procurement Opportunities Programme for the Pilot Category <ul style="list-style-type: none"> • Forward Procurement Programme • Existing Contracts List 	Aug - 2015 Aug - 2015
Procurement Opportunities Programme for all categories of spend <ul style="list-style-type: none"> • Forward Procurement Programme • Existing Contracts List 	Dec - 2016 Dec - 2016
Procurement savings and efficiencies <ul style="list-style-type: none"> • Complete the Corporate Procurement Savings Plan • Effectively measure both cashable and non cashable procurement savings 	2015 – 2017 (ongoing) Aug - 2015
Creation of a competency framework and training plan for both the Services and the Category Teams	Dec - 2015
eProcurement, the completion and development of: <ul style="list-style-type: none"> • eProcurement Programme • eContract Management 	2015 – 2017 (ongoing) Aug - 2015

<ul style="list-style-type: none"> • Contract Referencing 	Dec - 2015
<p>Internal review of procedures</p> <ul style="list-style-type: none"> • Adoption of the Regulations • Implementation of the category management approach into the Council's standing orders • Welsh Language Policy 	<p>April – 2015</p> <p>Aug – 2016</p> <p>Dec - 2015</p>