



Cyngor Bwrdeisdref Sirol

Blaenau Gwent

County Borough Council

CORPORATE PROCUREMENT & COMMISSIONING STRATEGY

BLAENAU GWENT COUNTY BOROUGH COUNCIL

CORPORATE PROCUREMENT & COMMISSIONING STRATEGY

Foreword

The procurement of goods, works and services is a high value activity within the Council that has a critical impact on its performance and success. The County Borough Council spends over £100 million a year on goods, works and services.

This procurement strategy sets the framework in which the County Borough Council will work to ensure that purchasing across the County Borough Council fulfils the requirements of Best Value across all services and directly contributes to the achievement of the County Borough Council's corporate aims and objectives.

The traditional focus of local authority purchasing has been quality and price, but it is recognised that the procurement of goods, works and services has a major impact on many aspects of life in Blaenau Gwent, including the environment, social factors and economic development. Procurement issues are receiving much attention at a national level and a large body of guidance and best practice is emerging. It is critical therefore that this strategy remains a fluid document able to react to and incorporate all relevant developments.

This strategy starts to address the agenda for procurement by setting out a comprehensive action plan to further develop our policies and practices and is intended to firmly establish a programme of continuous improvement. In addition, the strategy sets out our key procurement objectives and promotes consistency of approach across what is a large and diverse organisation.

This is an ambitious strategy, which sets high standards for the County Borough Council and is one that will require action by, and commitment from, all Directorates and services.

1.0 Introduction

This is Blaenau Gwent County Borough Council's Corporate Procurement and Commissioning Strategy, which sets out:

- The link between the Council's priorities and procurement,
- The principles which underpin the Council's procurement activity,
- The Council's current procurement arrangements,
- The objectives for developing procurement within the Council,
- A 3 year medium term action plan to support the objectives,

The strategy takes account of the recommendations made by the Byatt report "Delivering Better Services for Citizens" the issues raised by the National Procurement Strategy for Local Government and the National Assembly for Wales initiatives, including "Making the Connections" and "Delivering Better Services for Wales".

1.1 Definition of procurement

Procurement is about the way in which Blaenau Gwent County Borough Council purchases goods, has work carried out and obtains services. The term "procurement" has a far broader meaning than that of purchasing, buying and commissioning.

Primarily it is about securing services and goods that best meet the needs of users and the local community in order to help achieve the Council's key priorities. It is important that procurement decisions are taken in light of the broader outcomes the Council is seeking to achieve and not entirely focused on price alone.

Procurement should therefore be seen in the context of the Council's Corporate Improvement Plan, Community Plan and the vision for Blaenau Gwent to be a better place to live and work.

The core Council goals and values are:

- **Regeneration**
Through partnership and participation we will work to deliver improvements in jobs, the environment and communities.

- **Health, Social Care and Well-being**
Working together to improve the wellbeing of all people living and working in Blaenau Gwent.
- **Lifelong Learning**
To offer people of all ages the opportunity to engage in learning for leisure and work.
- **Environment**
To protect and enhance the environment to meet the needs of present and future generations.
- **Housing**
To ensure that quality affordable accommodation is available within sustainable communities for all residents.
- **Transportation**
To provide a sustainable, reliable and safer transport network.
- **Culture and Sport**
Through partnership we will promote cultural and sporting opportunities for all.

These goals and values act as the focus for all activities of the Council including procurement. The key objectives of the Procurement and Commissioning Strategy have therefore been aligned with them. In procuring the goods, works and services that we need, the Council also has a duty to obtain Best Value (the optimum balance of quality and cost) and is positively encouraged to use its purchasing power to further environmental and social wellbeing. The strategy will therefore provide a focus for the Council to use the procurement process to further its social and environmental objectives as well as economic objectives.

1.2 The Role of Procurement

The County Borough Council recognises the importance of procurement in delivering its objectives. The procurement of goods, works and services is of strategic importance because it:

- Has a direct impact on overall spend, savings, value for money and the cost of service provision to the people of Blaenau Gwent
- Directly affects the delivery of services

- Contributes to the achievement of corporate, departmental and service objectives
- Provides a mechanism for delivering key policy objectives, including sustainability, partnership working, equality and economic development
- Operates within a complex regulatory framework that must be adhered to
- Is an area of potentially high risks; with impact on service, financial and legal issues and on the reputation of the County Borough Council
- Develops the role of the County Borough Council as 'community leader' particularly in relation to sustainability and local economic development.

1.3 Procurement Policy

Blaenau Gwent County Borough Council is committed to setting rigorous quality standards and robust procurement and monitoring procedures to ensure the Best Value delivery of goods, works and services from wherever they are sourced.

The County Borough Council requires all staff involved in procurement to adhere to and promote the following principles:

- Every procurement exercise will be managed and led by an officer with skills appropriate to the value and risk associated with that arrangement.
- Procurement activities should contribute to the implementation of the Corporate Improvement Plan and other initiatives, including:
 - Sustainability
 - Health and safety
 - Effective partnerships
 - Economic prosperity
 - Equality
 - Risk management and
 - Electronic government
- Procurement should be based upon the principles of best Value and on measurable outcomes for services to the people of Blaenau Gwent.

- All statutory and legislative requirements must be complied with, from both Central Government and the European Union must be complied with.
- The Council's regulatory framework (standing orders for contracts and financial regulations) must be observed.
- A structured approach to risk assessment (to comply with the risk management strategy) and appropriate insurance must be undertaken for each procurement exercise.
- All Directorates and services will support corporate contracts in making the necessary purchasing arrangements for indirect goods and services (purchases which are in common use or of a general nature) across the authority and will ensure that all such arrangements are used.
- Up to date knowledge of procurement issues should be maintained by staff involved in procurement by reviewing the guidance issued by relevant organisations and advice and guidance disseminated by the Corporate Procurement Unit.
- Corporate Procurement Network (VPN) members will participate in work to increase the co-ordination of procurement activity and share best practice across the Council where this will result in improved value for money or reduce the duplication of effort.
- Work to improve procurement processes and minimise routine transaction costs.
- Work in partnership with suppliers to gain continuous improvement.
- Encourage competition and market development where appropriate.
- Collaborate with other public bodies and consortia in order to widen the scope of procurement experience and maximise economies of scale.
- Ensure that due regard is made in all purchasing decisions to the protection of the environment, the appropriate use of natural resources, local economic prosperity and the principles of Best Value.
- The County Borough Council will continue to support the in-house provision of services, wherever this offers long term value for money and effectiveness and operates in the best interest of service users (generally within a mixed economy of provision).

1.4 Structures and Accountabilities

Procurement within the County Borough Council is currently undertaken in a number of ways with there being both central and devolved elements. The central elements being the Corporate Procurement Unit (CPU) which offers advice and guidance in relation to all aspects of procurement processes and policy, and facilitates corporate arrangements for the purchase of common use goods and services on behalf of all departments and schools - The use of these arrangements is mandatory.

And the Authority's Central Supplies/Stores Function, which provides a support service to departments, assisting in the provision of goods and services via direct supply or warehousing facilities.

The devolved element being where direct expenditure is incurred in the provision of services, departments will normally make procurement arrangements for such specialist goods, works and services through their own procurement staff. The main areas of direct expenditure, which account for over half of the total external purchasing spend of the County Borough Council, are:

- Construction, Maintenance, Passenger Transport and Waste (Environment Department some of which on behalf of services in other directorates)
- Social Care (Social Services Department)
- Energy (All Departments)

1.5 Purpose of the Procurement Strategy

The strategy will communicate the Council's vision for procurement and provide a common framework within which all procurement by the Council can be managed.

The following **procurement vision** has been developed:

“To deliver Best Value procurement to support innovative and high quality services to the people of Blaenau Gwent, provide Value for Money to Council Tax payers and fulfill the County Borough Council's Corporate aims and objectives”

The Vision for Procurement

The vision for procurement and procurement systems at the Council is outlined below. This vision has been designed to maximise the efficiency and effectiveness of procurement across the Council while ensuring that procurement supports the Council's corporate strategies and the delivery of high quality services. The strategy has been devised to support the attainment of that vision. The key points of the vision are outlined below:

- Procurement is considered a strategic business discipline embedded in the Council's day to day workings and supporting business processes, encompassing all phases of the procurement life cycle from the identification of need, through supplier selection, contract placement, delivery, ongoing contract/supplier management and payment.
- Procedures (including standing orders and financial regulations) and the use of technology encompass best practice, modern procurement techniques and support the principles of this strategy.
- The Executive has full responsibility for strategic procurement at a Member level within the Council with the Deputy Leader / Executive Member for Resources nominated as Procurement Champion, while the Chief Financial Officer has ownership of it at Management Team level.
- A culture is in place, which recognises the importance of delivering the best quality services in the most cost effective way through the most efficient delivery route.
- A structure of devolved Service Unit Lead Buyers, Procurement Category Managers and Strategic Project Managers are identified and in place within service units taking day-to-day ownership of contract letting, supplier/contract management and opportunity analysis based around risk and value to the Council.
- Procurement categories are classified by risk and value. Framework contracts (identifying preferred suppliers) are in use for all regular and/or routine purchases. Strategic (usually high value and/or high risk) requirements are identified and managed through to contact by multi-disciplined teams using appropriate project management techniques.
- The Council has developed and implemented a low value strategy for routine, low value/high volume purchases making the most of

technology and minimising manual administration across the whole life cycle.

All the people involved directly or indirectly in procurement related activities have the necessary skills and knowledge to undertake their role. Training programmes will address skills and knowledge gaps within the organisation.

The strategy will support the Council to realise the procurement vision by ensuring that:-

- An action plan to develop and improve the Council's procurement activities over the next 3 years is implemented and monitored
- There is a commitment to effective procurement from Members and Officers at all levels in the Council
- Procurement choices reflect our corporate policy objectives
- The Best Value option is always chosen and we achieve continuous improvement in the quality and cost-effectiveness of service provision
- Resources are used effectively, with purchasing transaction costs kept to a minimum
- There is consistency in our approach to procurement, by providing a corporate focus within the Council
- Compliance with procurement rules

- Staff procurement skills are developed, shared and used effectively

The strategy is therefore aimed at promoting effective procurement across the whole organisation.

The strategy document combines both detailed proposals for reform, together with setting out a flexible planning framework within which further procurement reform can evolve. This will enable the Council to respond to the changing public sector procurement environment and also allow learning from our own experiences and from others.

1.6 Communication of the Strategy

It is important that the strategy is clearly communicated and available to all stakeholders. The strategy will be circulated to all key stakeholders, including Council staff and suppliers in the private and voluntary sectors. In order to facilitate this, use of the Council's internet and intranet will be made to communicate the strategy.

1.7 PROCUREMENT PRINCIPLES

Key Principles

The strategy is based around the following key principles. All procurement should follow these 12 principles:

- **Best Value**

The Council will acquire goods, works and services through competitive tender except in circumstances set out in contract standing orders. Tender evaluation criteria will be published in advance of the procurement and robust quality/price evaluation models will be prepared.

- **Contract management and monitoring**

The Council will ensure proper contract management and monitoring arrangements are in place in order to achieve completion of service delivery on time, within budget and in accordance with the specification. Appropriate management information will be developed to measure procurement performance and to establish key performance targets. Procurement exercises will be treated as projects and where appropriate the Authority's approved project management toolkit will be used.

- **Risk assessment and minimisation**

The risks associated with all procurement shall be assessed and minimised accordingly through effective risk management and contract conditions.

- **Training and guidance**

Appropriately trained staff will be engaged in procurement and contract management. Guidance and support will be generally available to all staff who undertake a procurement function. Experience and best practice will be shared internally and externally.

- **Social, economic and environmental wellbeing**

All major procurements shall recognise the impact on the social, economic and environmental wellbeing within the Council area. These factors should be considered and adequately addressed in specifications and throughout the delivery of a contract.

- **Mixed economy of suppliers**

The Council aims to encourage a mixed range of local suppliers to compete for contracts, in order to help develop a varied and competitive market place. This includes working with local small/medium sized firms and the voluntary and community sectors to enable them to compete for Council contracts. It also involves working with suppliers to deliver community benefits in a way that is consistent with best value and compliant with procurement law.

- **Diversity & Equality**

The Council aims to deliver contracts in a way, which is non-discriminatory and promotes equality of opportunity to all. This includes promoting race equality through proposals for ensuring key suppliers and contractors have equal opportunities in place, and that the needs of minority groups are considered in the preparation of relevant specifications.

- **Contract Packaging**

All major procurements shall have due regard to the issue of sustainability and early decisions shall be taken to ensure that projects are packaged to encourage delivery in the most efficient manner and achieve what end users want and can afford.

The Council will seek to optimise its spending power by identifying opportunities to purchase its requirements through arrangements with other partners, examples such as the collaborative arrangements via the Welsh Purchasing Consortium and Value Wales (Procurement).

- **Professional standards and best practice**

All procurement procedures shall be operated in a professional manner and ensure the highest standards of transparency, probity and accountability. Procurement will comply with all UK and EC procurement legislation. This also includes compliance with Council's standing orders, financial regulations, relevant codes of practice and Member and Officer Codes of Conduct.

- **Continuous Improvement**

Where contracts are going to run for a number of years, the contract should be sufficiently flexible to provide for continuous improvement throughout the period of the contract

- **Workforce matters**

Any procurement that potentially involves the transfer of staff who are currently employees of the Council shall, as far as legally possible, fully protect the future terms and conditions of employment of such staff so that they continue to enjoy the good employment practices of the Council. Procurement of services will take into account any code of practice issued by Government relating to the handling of workforce matters in local authority service contracts.

- **Electronic Procurement**

The Council will develop appropriate electronic solutions to achieve efficiencies, reduce transaction costs and meet Government targets.

1.8 PROCUREMENT ARRANGEMENTS

This part of the document provides information on:

- How procurement is currently organised in the Council
- How much the Council spends on procurement
- How it is spent
- Which services spend the money

Procurement Organisation

Procurement of goods, services and works are regulated by standing orders and financial regulations. These requirements are translated by Services into specific instructions and notes to provide guidance to staff who make procurement decisions.

The Council has a Corporate Procurement Unit (CPU) within the Resources Directorate. The CPU team provides procurement advice and guidance to Services and manages the procurement process for a wide range of goods and services. Some examples include Computer Equipment; Office Products and

stationery; Building and Road Materials; Vehicles and Plant; Fuel and Energy; Agency Recruitment and Design and Print Services.

In addition, the Authority also operates a separate Supplies and stores function, which supports all internal clients with the sourcing and ordering of goods either via direct supply or from internal stock.

Specific areas of procurement are also undertaken independently by Services. The main examples are shown in the table below:

<i>Classification</i>	<i>Lead department</i>
Works Contracts – minor (non Council housing)	Environment – Consultancy Division
Works Contracts – major	Environment – Consultancy Division
Transportation Services	Environment - JPTU
Care Provision	Social Services

1.9 Procurement Organisational Change

The Procurement Strategy represents an ambitious enhancement to the Council's procurement function. The achievement of the strategy's priorities will require consideration to be given to possible organisational changes to support the delivery of the strategy. The Council's dedicated procurement team comprises 4 employees and as such the capacity to develop and gain the benefits from effective procurement would be limited if this were to be regarded as the Authority's procurement capacity.

For example, the current capacity of the team inhibits focus on areas such as supplier management; quality management; training and achieving best value through the procurement process. The success in moving forward these strategic areas will be through establishing a strong Procurement capacity within the authority, that is across the whole Authority which would not only make the most of capacity but would also create an informed and inclusive procurement environment.

The key starting point in establishing a strong Procurement Organisation is to build on the existing network of staff already involved in the procurement process. This would involve establishing a team of individuals from across all Services, who can be trained in the concepts of procurement and can act as a "Nominated Procurement Advisor" (NPA's) for their particular Service. The respective NPA's would remain service based but would have responsibility for ensuring consistent methods of procurement, supplier management and best practice are adopted across the Council. The NPA's will ideally be currently involved in the procurement process and would be provided with appropriate training and support.

The key responsibilities of the Procurement Organisation would be as follows:

- Supplier Relationships
- Policies and Procedures
- Supplier Performance
- Strategic Sourcing
- Performance Measurement
- Training and cross service collaboration

