



Confident, Capable Council Scrutiny Panel

22 April 2015

Report title	Future Practice – Procurement Strategy Principles	
Cabinet member with lead responsibility	Councillor Andrew Johnson	
Wards affected	All	
Accountable director	Mark Taylor, Director of Finance	
Originating service	Procurement	
Accountable employee(s)	Andy Moran	Head of Procurement
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Report to be/has been considered by	See Section 5.0 Consultation and Approval Programme	

Recommendation(s) for action or decision:

The Panel is recommended to:

1. Consider the principles that will be the basis of the Procurement Strategy and provide comments to Cabinet.

Recommendations for noting:

The Panel is asked to note:

1. The proposed programme for consultation and approval for the Procurement Strategy.
2. This item is being considered as pre-decision scrutiny and will therefore not be available to call-in once a decision is made by the Executive.

1.0 Purpose

1.1 This report carries out pre-decision scrutiny and sets out the principles on which the Procurement Strategy 2015 to 2018 will be based. The principles will ensure that;

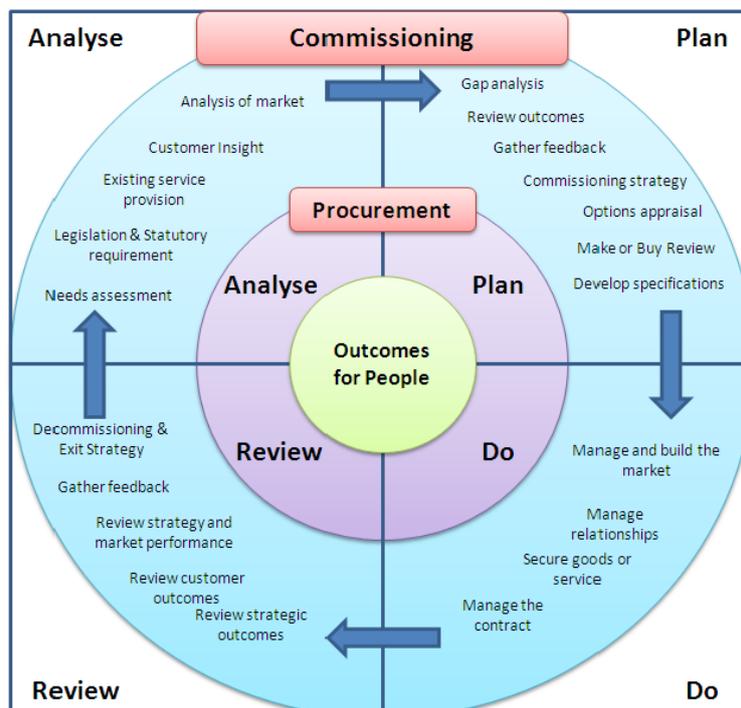
- We are clear on how what we spend with third parties is allocated and how this offers value for money.
- How our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy of;
 - Encouraging Enterprise and Business
 - Empowering People and Communities
 - Re-invigorating our City
- We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us.
- We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored.

2.0 Background

2.1 Commissioning, Procurement and Contract Management

The Procurement strategy covers the procurement and contract management parts of the Commissioning Cycle. Directorates and Service teams are responsible for the Commissioning strategies.

2.2 The process for commissioning, procurement and contract management is set out in the Commissioning Cycle diagram below.



2.3 Definition of Commissioning

Commissioning is a whole system process from researching and analysing needs of residents to developing commissioning strategies and work programmes. It entails working with providers and customers to develop, stimulate and redesign through co-produced specifications. This enables services to be designed and commissioned that reflect current and future needs of a population and also determines how public bodies decide to spend available resources to achieve the best possible outcomes for local people.

2.4 Definition of Procurement

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

2.5 Definition of Contract Management

Contract management is the management of provider relationships to ensure their compliance with contract obligations and to understand and control the financial and risk implications of any change. Contract management also includes the performance monitoring and quality assurance of the provider.

3.0 How we will work to the principles

3.1 We are clear on how what we spend with third parties is allocated and how this offers value for money:

We will establish three year plans for each category of spend which will identify:

- The areas where performance needs to improve;
- Initiatives and plans that optimise the outcomes identified in the Commissioning Strategies whilst providing the most effective use of our resources and demonstrating value for money;
- Potential gaps in future service provision and where we need to build capacity and capabilities to meet forecast demand;
- Develop and implement work programmes that clearly set out milestones and timescales for each activity;
- We will consider both the design of the service and the procurement process itself to ensure we deliver value for money through the sourcing process.

3.2 We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us:

- Through consultation and active engagement we will encourage customers and communities to be involved in the sourcing process. Where services are key to a

group of customers or a community we will offer the opportunity to take part in deciding the performance priorities and in the evaluation of providers' proposals:

- We will provide open and easy ways that customers can provide feedback to us and we will show what we and the providers have done in response.

3.3 How our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy:

The Council is facing a period of intense change, with an increasing demand for services, a reduction of funding and a challenging policy environment. The Council is working with public, private and voluntary sector organisations to develop a City Strategy approach to public services. We will work with organisations in identifying the use of similar resources and where we deliver similar services, we will collaborate to realise better value for money, return on investment and service outcomes.

- We will develop a Wolverhampton Charter that organisations will be encouraged to agree to which will set out how they will contribute to making the City the very best it can be for local people;
- We will work with our public sector partners to collaborate and co-ordinate our procurement activity;
- We will engage with local suppliers, in particular Small and Medium Enterprises (SMEs), voluntary, community and social enterprise (VCSE) organisations, to keep them updated on procurement related issues such as changes in legislation, where to find opportunities and upcoming contracts;
- We will offer training on our e-tendering system and guidance on what a good tender submission should be. This will ensure that local organisations are able to compete for opportunities both within Wolverhampton, nationally and the EU;
- We will include requirements in our major contracts that the sourcing of subcontract opportunities from the local market that supports local employment is encouraged to be the first choice;
- We will develop a consistent measure of the social, economic and environmental value delivered through our spend with third parties.

3.4 We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored:

- We will use a Performance Management Framework approach based on outcomes to monitor the quality of services we contract for;
- Incorporate best practice and continuous improvement benchmarking to ensure value for money is being achieved;

- Ensure that risks are identified, managed and appropriately mitigated;
- Ensure positive outcomes and experiences for customers and communities.

4.0 Procurement Vision

4.1 Competitive markets and a variety of service provision options are key to supporting value for money and choice for customers. This requires an increased focus on market development and supply chain management to ensure a sustainable mix of suppliers from all sectors.

4.2 The Procurement Vision is;

“To secure demonstrable value for money and maximise the benefits from spend with third parties, supporting delivery of innovative, cost effective and high quality services for the people of Wolverhampton, meeting the highest standards of legal and procurement practice and undertaking such activities in the most efficient manner possible.”

4.3 Equal Treatment and Fairness

Suppliers are treated in a fair and equal manner to enable them to bid on a level playing field, having access to relevant and necessary information.

4.4 Transparency and Openness

Procurement processes are conducted in a way that is fair and competitive, with all relevant non-commercially sensitive information being shared openly and in a timely manner.

4.5 Value for Money

Balancing the appropriate degree of quality and scope of requirements with the whole-life cost of the goods services or works, to meet customer needs at the best value possible.

4.6 On-going Commercial Management

Effective contract management processes are applied across the Council to ensure the effective management of commercial arrangements.

4.7 Partnerships and Collaboration

The Council recognises that collaboration and co-operation between local authorities and other public, private and voluntary sector organisations provides more flexible and cost effective services, and we will collaborate with external bodies to consult, share good practice, learn from experiences and develop good working relationships to enhance service provision.

4.8 Stakeholder Engagement

Customers and communities are engaged in developing service delivery requirements and their views on delivery performance are taken into account and acted upon.

4.6 Market Engagement

Tendering opportunities attract sufficient market interest to establish a competitive number of quality bids as a result of pre-procurement market engagement. We work with

suppliers to understand local supply chains and develop subcontracting opportunities for local companies and support local employment.

4.7 Regulatory Compliance and Governance

Spending public money requires high levels of probity and accountability, supported by a framework of mechanisms to ensure that standards are met. The Contract Procedure Rules provide a robust framework that governs the process for sourcing from third parties and protects the Council from exposure to challenge or legal action by clearly determining the accountabilities and responsibilities of officers involved in procurement activity and by monitoring and enforcing compliance with those responsibilities.

4.8 Risk Management

Contracts are written in a manner that protects the Council from risk and adverse movements in inflation, legislation, or developments in technology. Contracts remain flexible enough to take into account changes in the commissioning strategy.

4.9 Technology & Efficiency

Efficiency requires us to achieve the same or more with less, and technology will play a major role in achieving this. Streamlining of processes will be required, in addition to elimination of unnecessary activity and innovative approaches to structuring contracts and delivering services. The use of technology, such as e-tendering, improves the procurement process and reduces the costs of sourcing and tendering. Technology will improve access to procurement information for officers, customers and suppliers, and to support the transparency of our processes.

5.0 Consultation and Approval Programme

Date	Activity
22 April	Confident Capable Council Scrutiny Panel, for pre-decision scrutiny
May	Draft strategy to Strategic Executive Board
9 June	Final draft strategy complete
16 June	Draft strategy in public domain for Cabinet
24 June	Draft strategy at Cabinet, seeking approval to consult by Cabinet
1 July	12 weeks consultation starts
22 July	Confident Capable Council Scrutiny
23 Sept	End of 12 week consultation
October	Final strategy for approval by Cabinet

6.0 Financial implications

6.1 Councillors are requested to endorse the principles underpinning the proposed procurement strategy. This has been designed with the intention of maximising the value of spend with third parties in pursuit of the objectives outlined in the City Strategy.

[GE/09042015/V]

7.0 Legal implications

7.1 The relevant legislation that applies to public sector procurement will be taken into account when developing the Procurement Strategy including;

- EU Procurement Directive (Public Sector) 2014/24/EU
- EU Procurement Directive (Concessions) 2014/23/EU
- Public Contracts Regulations 2015
- Social Value Act 2012
- Local Government Acts in relation to non-commercial considerations
- Cabinet Office Guidance
- Equality Act 2010

[TS/09042015/G]

8.0 Equalities implications

8.1 An initial equality screening shows that a full equality analysis is required as there are equality implications that need to be taken into account prior to and throughout the development of this Procurement Strategy.

9.0 Environmental implications

9.1 The approach to sustainable procurement is being developed in conjunction with the Procurement Strategy

10.0 Human resources implications

10.1 None.

11.0 Corporate landlord implications

11.1 None.

12.0 Schedule of background papers

12.1 None.