

# Procurement & Commissioning Strategy 2016 - 2021

Mid Term Review

October 2019



## FOREWORD

The Council is dealing with significant financial pressures resulting from reductions in government funding, coupled with increasing expectations from our residents and businesses. We need to make savings, and a fundamental part of this will be ensuring that we use our spending power ethically, wisely and strategically. In this context, our Procurement and Commissioning Strategy is more important than ever. With an annual spend in the region of £198 million on bought-in goods, services and works, it is imperative that we manage this responsibly to ensure we obtain value for money for our citizens and support our wider corporate objectives.

This strategy has been reviewed in 2018 following a recommendation from the Welsh Audit Office in its report on Public Procurement in Wales, dated October 2017. The report requires that a procurement strategy should set out the role of the procurement function in securing and optimising value for money, along with underpinning actions and associated performance indicators. Further, the report says:

Effective procurement involves:

- having adequate numbers of appropriately qualified staff and appropriate organisational structures and policies to manage and govern procurement activity;
- a well-planned process for deciding what the public body needs, including deciding how the public body should provide services and looking at alternative ways of delivering services;
- sourcing strategies and collaborative procurement – having a good idea of how the public body can best meet its needs;
- effective contract and supplier management; and
- effective and reliable processes and ICT systems to support procurement.

The strategy sets out key principles which are there to help guide all our procurement and commissioning activity and ensure that it is undertaken legally, fairly and transparently, with a proper understanding of the impact on our local communities – now and into the future – and in accordance with the Council's ethical principles. The strategy also has a specific outcome around achieving value for money through our procurement and commissioning activity, and outlines how we will consider different delivery models, review our processes, use technology, improve our contract management and invest in upskilling our workforce to achieve this outcome.

The strategy also recognises the impact the money the Council spends on the local economy, with around **£32 million of our** total spend in 2017/18 being with Flintshire based businesses. This spend helps ensure that those businesses continue to provide employment for local people, and provides them with the opportunity to grow and create new jobs in the County. The strategy has a specific outcome around improving the contribution our procurement and commissioning activity has on the local economy, and how it will achieve this by working with our local supply chain, developing new approaches to how we procure and commission to ensure there are opportunities for local businesses going forward, and delivering wider community benefits such as training placements and supply chain opportunities for local businesses. It is

also an important part of the procurement process that the Council's suppliers do not engage in practices which it would not engage in itself and which it would find unacceptable.

Procurement is a strategic function that influences early planning and service design and is involved in decision making to support delivery of the Corporate Plan. However, effective and compliant procurement and commissioning is the responsibility of every Officer in the Council.

The Collaborative Procurement Unit co-ordinates all commissioning and procurement activities across the Council. It has a key role in:

- a) Promoting awareness and the need for compliance with legislation and the Council's own rules;
- b) Promoting awareness of the need to collaborate on procurement and commissioning across the Council and with other public sector bodies, in particular Denbighshire County Council;
- c) Providing assurance to Elected Members and management that the objectives in this Strategy are being met;
- d) Ensuring that the risks associated with commissioning and procurement activities are being identified and met and
- e) Ensuring that opportunities to drive through greater efficiencies and improvements are identified and implemented.

We acknowledge that delivering this strategy continues to require some significant changes from the way we currently procure and commission, and will result in new ways of working and, in some cases, changing roles and responsibilities. The Council is committed to making this change and will provide the clear leadership and support that will be needed to ensure success.

# INTRODUCTION

## Purpose of the Strategy

Flintshire County Council currently spends in the region of £198 million a year with private and third sector organisations on the goods, services and works needed to deliver public services. It is the Council's responsibility to manage this money efficiently and effectively to achieve Council objectives. The purpose of this strategy is to set out how we are undertaking procurement and commissioning within the Council and to provide the vision and strategic direction necessary to better achieve our objectives.

This strategy is aimed at promoting effective commissioning and procurement across the whole organisation. It will assist all internal officers who are involved in commissioning and procurement to better understand their role in supporting the delivery of this strategy. It also provides a basis for interaction with other key stakeholder groups; primarily our suppliers, the wider public and their elected members.

The aims of this strategy are to:

- Establish key commissioning and procurement policy principles
- Clearly set out what we are going to do and why

The strategy has been developed with a full appreciation of the complex regulatory framework within which procurement and commissioning operates. It also recognises that it is an area with high risks – with potentially significant impacts on service delivery, financial management and legal compliance, as well as the overall reputation of the Council.

## What is Procurement?

For the purposes of this strategy, we have used the same definition of procurement as detailed in the Wales Procurement Policy Statement (June 2015):

***“The process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”***

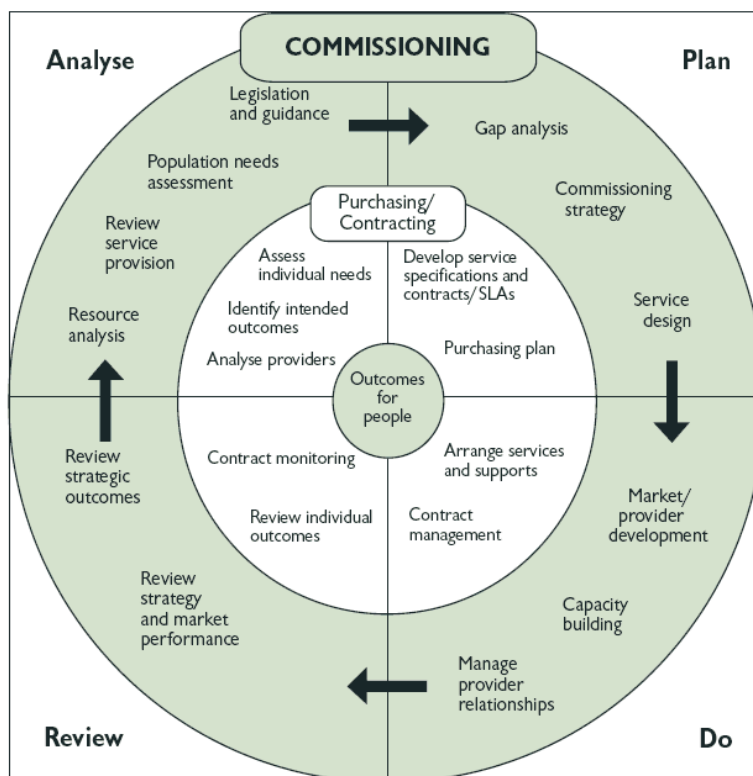
A key part of procurement will also be ensuring that when purchasing goods and services the Council

- supports and encourages its suppliers to
  - reduce their carbon emissions
  - deliver social value
  - adopt sound ethical working practices
  - comply with employment best practice and legislation; and
- discourages and seeks to eliminate any illegal practices such as modern slavery and people trafficking

## What is Commissioning?

Commissioning of public services is about public sector agencies working with purchasers, providers and, most importantly, communities, to identify and understand end users' needs so that services can be designed to meet them. This is done by working within a structured and planned process called the commissioning cycle (see below), which ensures services are improved and developed against past experience and current community need.

### The Commissioning Cycle



Good commissioning is underpinned by the following principles:

1. Understand the needs of those using the service
2. Consult provider organisations when setting priorities
3. Put outcomes for users at the heart of the process
4. Map the fullest practical range of providers
5. Consider investing in the provider base
6. Ensure contract processes are transparent and fair
7. Ensure long-term contracts
8. Seek feedback to review effectiveness of the commissioning process

Where Council services directly impact upon communities and influence the day to day lives of citizens, such as in the field of social care, service areas will use the commissioning cycle to develop specific strategies and plans which adhere to the eight principles of good commissioning.

# CURRENT ARRANGEMENTS

## Joint Collaborative Procurement Team

On 1<sup>st</sup> July 2014 an agreement was signed between Denbighshire County Council and Flintshire County Council which established a new collaborative procurement service.

The team is hosted by Denbighshire County Council (i.e. employment contracts are with Denbighshire rather than Flintshire), but provides a collaborative service across the two councils. In terms of scope of activities, the remit of their responsibilities are:

- **Policy** – provide advice on legislation and regulatory framework policies that impact on procurement; develop, and maintain and implement the Council’s respective Corporate Procurement Strategies.
- **Advice** – advise and support service areas on the preparation of tender documents; provide a strategic lead covering all procurement activities; working with service areas to identify opportunities for co-ordination and co-operation; co-ordinate initiatives aimed at improving purchasing power and lowering prices; lead on corporate procurement initiatives and projects; develop and deliver a procurement training programme; develop and produce clear, user-friendly guidance and information on procurement; and disseminate examples of procurement best practice.
- **Compliance** – ensure that agreed procurement processes are adhered to; develop, promote and maintain supply chain management solutions; analyse trends and expenditure to identify areas for improved coordination of purchasing; produce an annual report on procurement activity, expenditure and savings; and promote corporate procurement standards across all service areas,
- **Collaboration:** advise and promote collaborative procurement and commissioning across the Council and with other public sector bodies, in particular Flintshire County Council;
- **Liaison** – represent the Council(s) on external procurement related bodies; liaise and manage relationships with other public sector purchasing bodies and external consortia; and provide a central link between the Council(s) and the supply/provider market.

# THE NATIONAL CONTEXT

There are a number of regulatory, strategic and policy initiatives that impact on procurement and commissioning at a national level. The Council will comply at all times with legislation and will support national policies and strategies where they can be demonstrated to support the achievement of the Council's objectives. All Officers of the Council shall have regard to this strategy when undertaking procurement and commissioning.

## Public Contracts Regulations 2015

The 2014 EU Procurement Directive became a legal requirement in Wales with the coming in to force of the Public Contracts Regulations 2015 in February 2015. One of the key themes of the Regulations is to make public procurement faster, more flexible and easier – especially for small and medium sized enterprises (SME's). The council must be legally compliant with these regulations in all of its procurement and commissioning activity.

## The Wales Procurement Policy Statement

In December 2012 the Welsh Government launched the Wales Procurement Policy Statement (WPPS) which set out the principles by which they expected public sector procurement to be delivered in Wales. Since that launch the Welsh Government has secured legislative powers in respect of procurement for Wales, and has subsequently reviewed the document and, in June 2015, launched a revised Statement.

The ten principles of Welsh Public Procurement Policy are:

1. **Strategic** – procurement should be recognised and managed as a strategic corporate function.
2. **Professionally resourced** – procurement expenditure should be subject to an appropriate level of professional involvement and influence.
3. **Economic, Social and Environmental Impact** – Value for Money should be considered as the optimum combination of whole-of-life costs.
4. **Community Benefits** – delivery of social, economic and environmental benefit through effective application of Community Benefits policy.
5. **Open, accessible competition** – public bodies should adopt risk based, proportionate approaches to procurement to ensure that contract opportunities are open to all.
6. **Simplified Standard Processes** – procurement processes should be open and transparent and based on standard approaches.
7. **Collaboration** – areas of common expenditure should be addressed collectively using standardised approaches.
8. **Supplier Engagement and Innovation** – dialogue with suppliers should be improved to help get the best response from the market place.
9. **Policy Development and Implementation** – deployment of policy which supports the achievement of the seven well-being goals for Wales as set out in the Well-being of Future Generations (Wales) Act (2015)
10. **Measurement and Impact** – in accordance with good management practice, procurement performance and outcomes should be monitored to support continuous improvement.

## The Well-being of Future Generations (Wales) Act (2015)

The Well-being and Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales. It is designed to make public bodies think more about the long-term, work

better with people and communities and each other, look to prevent problems and take a more joined-up approach in order to create a Wales that we all want to live in - now and in the future. The Act puts in place the following 7 well-being goals:

1. **A prosperous Wales** – an innovative, productive and low-carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately; and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities.
2. **A resilient Wales** – a nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).
3. **A healthier Wales** – a society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
4. **A more equal Wales** – a society that enables people to fulfil their potential no matter what their background or circumstances.
5. **A Wales of cohesive communities** – attractive, viable, safe and well-connected communities.
6. **A Wales of vibrant culture and thriving Welsh language** – a society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sport and recreation.
7. **A globally responsible Wales** – a nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

### **The Social Services and Wellbeing (Wales) Act**

The Social Services and Wellbeing (Wales) Act is about changing the way people receive health and social care and requires the Council to increase client and carer involvement in the design and procurement of their care and treatment, giving them more voice and control in relation to the services they receive. It also encourages greater consideration of the role that social enterprises, co-operatives, co-operative arrangements, user led services and the third sector can play in achieving the policy objectives of the Act.

### **Welsh Government Code of Practice Ethical Employment in Supply Chains**

The Council has adopted this code to ensure lawful and ethical practices are evident throughout all commissioning, procurement and contract management activities and also the Council’s supply chain. The Strategy delivers a commitment that supports the Council’s development of ethical supply chains and procedures to implement the code.

### **Prosperity for All – A low Carbon Wales, Welsh Government 2019**

Welsh Government published Prosperity for All- A low carbon Wales to set out how it would meet its obligation under The Environment (Wales) Act 2016 to reduce Green House Gas emissions across the whole of Wales by at least 80% from their pre-1990 levels by 2050. One limb of this strategy was for the public sector, including local authorities such as Flintshire County Council, to become carbon neutral by 2030.

Studies within the public sector carried out on behalf of Natural Resources Wales and the NHS in Wales have shown that between 50% and 60% of an organisation’s carbon footprint can come from its procurement activity and supply chain. Assuming that a similar proportion of our own carbon footprint is generated by our supply chain then achieving carbon neutrality across all the Council’s suppliers will be a

significant challenge but one that entirely dovetails with and assists the Council's own ambitions on reducing climate change.

Welsh Government has already estimated baseline CO2 emission levels for all categories of procurement across Wales. It intends to develop tools and guidance that will enable the public sector to target and work with high emitting sectors to reduce emissions. As those tools and guidance are delivered the Council will be able to work with increasing confidence on reducing its carbon footprint through procurement. This work can be undertaken collectively with other public sector bodies who are members of the Flintshire Public Services Board as part of the actions to achieve the Environment priority.

At this stage the Council can commit to the broad aim of seeking to reduce emissions caused as a result of its supply chain and to begin looking at ways this can be achieved. The Council will need to review these commitments and increase its activity as understanding grows around how this can be achieved. Initial actions could include more commissioning more local contractors to avoid travel costs which would have overlapping benefits for promoting the local economy.



# THE LOCAL CONTEXT

At a more local level, it is important to recognise the contribution procurement can make to delivering our aspirations and priorities.

## Council Plan – 2017-2023

The new version of the Council Plan sets out the priorities for the forthcoming five years of the Council and what the Council aims to achieve. Public Services Board partners include: Natural Resources Wales, Public Health Wales, North Wales Police, Betsi Cadwaladr University Health Board, National Probation, Flintshire Local Voluntary Council, North Wales Fire and Rescue Service, Coleg Cambria, Glyndwr University and Welsh Government.

The Council Plan focuses on the objectives the Council intend to deliver during 2017/18. The Plan sets out the Council's six priorities and detailed sub-priorities for action. In addition, the Council Plan takes into consideration the Well-being of Future Generations (Wales) Act by linking the impact statements to the Council's Well-being Objectives.

The six priorities are:

- Caring Council
- Ambitious Council
- Learning Council
- Green Council
- Connected Council
- Serving Council
- Safe and Clean Council

Each priority has a number of sub-priorities to reflect specific aspects that are of particular significance during the current municipal year. Some such sub-priorities are always important e.g. safeguarding will always be within the Council Plan. Other sub-priorities e.g. reducing plastics, reflect a specific issues that the Council wishes to address either as a one off or to give prominence to a project that will, once successfully implemented, become business as usual.

How effectively we spend our money will have a direct impact on our ability to deliver our ambition and priorities. Thus the Council recognises that an effective commissioning and procurement strategy is fundamental to achieving organisational success and is instrumental in the delivery of the Corporate Plan, as it will:

- have a direct impact on overall spend, savings, value for money and the cost of service provision to the people of Flintshire;
- help shape the delivery of services to meet the needs of citizens, communities and customers;
- contribute to the achievement of corporate and service objectives; and
- be part of the process of delivering key policy objectives.

## Growth Vision

The North Wales Economic Ambition Board, comprising the six North Wales local authorities together with representatives from the business community and higher and further education, have developed an ambitious vision for economic growth in the region. The Ambition Board aims to:

- Improve infrastructure across the region;
- Promote and support business growth and innovation; and
- Improve and upgrade the region's skills base and provide employment growth.

The Ambition Board have submitted proposals for the first wave of major capital projects to the UK and Welsh Governments for implementation from 2021 onwards. The proposals call for £280m of investment by Government which will result in £1bn of overall investment and the creation of over 4,000 new jobs.

The Growth Vision recognises the importance of links between North Wales and the North West of England. Flintshire County Council is a member of the Mersey Dee Alliance which aligns the economic aims of North East Wales with the Liverpool City Region and Chester West and Cheshire.

## **Flintshire Wellbeing Plan**

Flintshire Public Services Board has issued a wellbeing plan for Flintshire 2017-2023. The Board consists of Flintshire County Council, Betsi Cadwaladr University Health Board and Flintshire Public Services Board. The five priorities of the Public Services Board are:-

- Community Safety
- Economy and Skills
- Environment
- Healthy and Independent Living
- Resilient Communities

Working together to make an impact in these priorities is the collective aim of the PSB, realising that no single organisation can achieve this on their own; the partner organisations represented on the PSB can collectively make a positive difference for the people who live, visit and work in Flintshire.

The procurement strategy will have a key role in achieving the outcomes of the Flintshire Wellbeing Plan, working collaboratively regionally and sub-regionally with key partners, local businesses and citizens.

## **Ethical Procurement Code**

The Council has signed up to Welsh Government's Code of Ethical Employment in Supply Chains. The Council will not engage in any of the following activities, discourages its suppliers from engaging in such activities and will seek to work with its suppliers to stamp out such activities:

- Modern slavery
- False self-employment
- Unfair use of umbrella schemes and zero hours contracts
- Stance on Blacklisting and freedom of association

The Council has agreed a pay model with its recognised trade unions that means its lowest pay scale equates to the Living Wage Foundations Living Wage. All of its employees therefore will be paid (pro rata) the Living Wage or more. The Council encourages its suppliers to do likewise whilst recognising the impacts this may have on smaller suppliers and those operating in highly competitive sectors.

The Council will as its preferred model engage workers through direct employment. However, from time to time Services may require specialist expertise and additional capacity or experience difficulties with the availability of workers. In order to maintain and develop services, temporary workers via recruitment or employment agencies, or by using employment businesses to cover business imperatives such as:

- seasonal or other fluctuations in work,
- the recruitment of people with specific skill sets on arrangements may be needed to provide additional resources. This may be achieved through the supply of Agency Workers, Interims and

Consultants. Careful specification, procurement and “contract for service” management is needed to ensure that appropriate use, quality and value for money is delivered to meet such temporary projects, and , time limited and/or specialist requirements.

- to cover sickness or other absence.

Where using Agency Workers, Interims and Consultants we will apply the following principles:

- Before engaging an Agency Worker or Consultant, we will consider the skills, capacity and expertise of our internal workforce to meet the identified need.
- Fixed term contracts (employed by the Council thinks all workers) and internal secondments will always be considered prior to the use of Agency Workers and Consultants
- There will be a justifiable business case, authorised at the correct level and using the appropriate method
- Procurement and supply will be carried out with integrity and fairness. We will ensure legal compliance and aim to achieve best value for public money spent
- Contract procedure rules (CPR’s) must be followed when procuring a Consultant using a “contract for services”
- Expenditure associated with the supply of Agency Workers will normally be met through pre planned budgets or existing workforce budgets to avoid any overspends. Accurate coding to enable budget analysis, monitoring and planning must be maintained
- A monthly review of the use, including length of time and expenditure on Agency Workers must be carried out by Service Managers in conjunction with HR Managers. A review of Consultants, at least quarterly, should be treated equally in so far as is possible.
- Managers must minimise the risk of implying a contract of employment (contract of service) when ordering and supervising an Agency Worker or agreeing and managing the “Contract for Services” with Consultants. Guidance for Agency Workers is available.

When engaging temporary workers the Council will therefore extend the same pay and benefits plus terms and conditions of employment (apart from those relating to issues around duration of employment) to such temporary workers from the commencement of their employment. After 12 weeks the Council will treat them as permanent employees for all purposes e.g. whether they can apply for internal vacancies.

The Council accepts that for some contracts, particularly larger and complex works contracts, it may be necessary to use sub-contractors to deliver the full specification. Whether sub-contracting is permitted will be decided on a contract by contract basis by the contracting officer in accordance with the Contract Procedure Rules. If it is permitted then the Council will require the head contractor to treat all sub-contractors fairly, to pay them promptly and in any event within 30 days, and will expect the same levels of compliance with the Ethical Procurement Code.

The Council purchases from a wide range of suppliers whose supply chains may extend around the world. Public funds limit the detailed level of direct scrutiny to which the Council can subject such supply chains. However, it will:

- work with partners such as WG and Value Wales to identify areas of spend and suppliers who may be high risk and undertake more detailed scrutiny during the procurement process; and
- will investigate any suggestion that those supply chains encompass unfair or unethical practices and commits to work with its suppliers to remove such practices in so far as is possible; and
- Will expect its suppliers to have in place appropriate mechanisms to enable their own employees to constructively raise issues of concern without fear of reprisal

The Council has already extended its whistleblowing policy to contractors and their employees so that they can raise issues of concern directly with the Council. It is possible to undertake this in confidence, or even anonymously, via the Report It function on the Council's website.

The Council will actively promote the aims and contents of this strategy to its own workforce as follows:

- The code of practice e-learning module to be also promoted once finalised and available from Welsh Government; and
- All Middle Managers & Procurement staff are expected to undertake the Anti-slavery training through the e-learning platform. The Council staff in appropriate roles will complete the eLearning module on the Code of Practice once it is finalised by Welsh Government

The Council has already published a progress update on the Ethical Code incorporating a statement on actions taken to address modern slavery. The Council will report annually via its scrutiny and Cabinet on further progress and the operation of the Ethical Code.

## **Contract Procedure Rules and the Council's Constitution**

The Contract Procedure Rules and the Council Constitution set out the required levels of ethics and conduct that are expected of all those who are involved in commissioning and procurement.

## **Social Value**

"Social value is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract." (Social Value UK)

The Council has approved a separate strategy on delivering social value which includes how to maximise the social value derived from procurement. Implementing the Strategy will require, as with the Procurement Strategy, a focus on designing services to deliver better social value to Flintshire communities by:

- better integration with other public bodies;
- increased support for the use of local labour and local supply chains,
- higher ethical and environmental standards adopted by suppliers; and
- suppliers providing support for the priorities set out in the Council Plan.

The Council will:

- Design contracted works and services to increase wider social goals e.g. ring fencing contracts to social enterprises or protected workplaces
- Encourage suppliers to provide added value e.g. donating to community projects
- Help suppliers to build long term social partnerships e.g. by encouraging their employees to volunteer
- Encourage suppliers to do business in more socially responsible way

Whilst procurement is a vitally important element of generating social value, the strategy also focusses on: supporting companies to improve their corporate social responsibility; helping third sector organisations to evidence the social value they generate through their work; and on helping social enterprises to compete more effectively for public services by evidencing the social value they generate.

# THE FUTURE CHALLENGES FOR PROCUREMENT

There are clearly a number of challenges which need to be addressed as part of this procurement strategy.

## **The need for Sustainable Public Procurement including Social Value**

The Well-being of Future Generations (Wales) Act 2015 provides an opportunity to transform the way procurement is done in Wales so that decisions consider prevention, the long-term, integration, collaboration and involvement whilst seeking to improve the economic, social, environmental and cultural well-being of Wales.

Sustainable procurement activities should support the Welsh Government's Procurement Policy whereby "Value for Money" should be considered as the optimum combination of whole-of-life costs in terms of not only generating efficiency savings and good quality outcomes for the Council, but also be of benefit to society and the economy, whilst minimising damage to the environment.

The Council will need to respond to this challenge by:

- Advocating a collaborative approach with organisations such as the Federation of Small Businesses (FSB), Business Wales and Flintshire Local Volunteer to ensure that there is sufficient training and support for local businesses and the third sector when competing for council contracts. Developing and maintaining a process of continuous review of procurement systems, including benchmarking and review by user groups including small businesses, to ensure that they are proportionate as required in the 2015 Public Contracts Regulations.
- Applying social value to all procurement and commissioning activity where social value can be achieved.

## **Leaving the European Union**

As it leaves the EU, the UK can decide how to open up its public procurement market to suppliers in other countries. It can choose to commit to opening up (all or part of) its own markets to foreign suppliers in exchange for foreign markets being opened up to UK suppliers, through agreements with the EU and other countries.

There will be transitional arrangements for procurement processes which were commenced prior to the end of the transition period and certainty will be required for framework agreements where the framework agreement was established prior to the end of the transition period but continues on after the transition period ends.

Future obligations would only apply in the procurements covered by international agreements that the UK is part of. This potentially opens up the possibility of a more flexible or different procurement policy especially for smaller procurements.

The Council will need to respond to this challenge by reviewing this procurement strategy once the impact of leaving the EU is fully known and understood, and the UK Government has published guidance and or new legislation.

## **Budget constraints**

Whilst the Wales Procurement Policy Statement advocates a minimum of one procurement professional per £10 million of expenditure, the Council recognises that it already falls far short of that aspiration, with the current corporate procurement team providing approximately one officer per £20 million across

Denbighshire and Flintshire. In the current and likely future financial situation, it is difficult to envisage a scenario whereby the Council could increase the budget of the procurement team to meet the Welsh Government aspiration.

The procurement strategy will need to respond to this challenge by:

- Consideration of how we can maintain an effective corporate procurement service in the face of shrinking budgets
- The use of collaborative procurement with Flintshire County Council and other public bodies
- Establishing and maintaining a strong corporate core of Services which leads and manages the procurement process
- Developing and maintaining a process of continuous review of procurement systems to ensure that a risk based and proportionate approach is used which maximises the resources available.

It is a constant pressure to manage market and cost pressures in an ongoing period of financial austerity for local government.

The procurement strategy will need to respond to this challenge by:

- Delivering successful partnerships and driving collaboration through procurement, both locally and regionally acting as a facilitator between our partner organisations and beyond;
- Changes to procurement legislation and maximising the use of technology to drive simpler and more cost effective processes for buyers and suppliers;
- Ensuring that we have the skills, capability and capacity to deliver against our purpose as a service;
- Supporting the local economy by helping to drive spend through our local suppliers and developing markets which meet the needs of our services;
- Deliver and record savings achieved through the procurement and commissioning process;
- Delivering the best possible outcomes for our residents by adopting and embedding a consistent and high quality category management approach to all services procured and commissioned both internally and externally; and
- We will increase our focus on lessons learned to capture and apply these to other projects.

# THE STRATEGY

## Key principles

Flintshire County Council is committed to setting rigorous quality standards and robust commissioning and procurement procedures to ensure that all commissioning and procurement is managed and conducted appropriately in compliance with all legislative requirements and local, UK and EU guidelines. We are committed to making sure that every pound we spend provides value for money for the council and our constituent residents and businesses.

This strategy outlines how we intend to deliver on that commitment, but in order to achieve this the council requires that all staff that are involved in commissioning and procurement to adhere to and promote the following principles:

1. To help reduce or eliminate non-essential spend all staff, before commencing any commissioning or procurement activity, will first consider whether there is an alternative approach to delivering the outcome without the need for the council to spend at all, or at least to reduce the spend.
2. In undertaking any procurement or commissioning activity, all officers must have due consideration of our duties under the Well-being of Future Generations (Wales) Act 2015 to take into account the impact of any decisions we make on the people of Wales – now and in the future. The “sustainable development principle” should be applied to all procurement activity
3. All service areas will work with the corporate procurement team to develop and implement appropriate strategies and mechanisms for delivering value for money in the goods, services or works that they procure.
4. Every procurement exercise will be managed and led by an officer with skills appropriate to the value and risk associated with that arrangement and be conducted with openness, honesty and accountability.
5. The council’s regulatory framework (contract procedure rules, delegations and financial regulations), UK and EU legal requirements will be complied with.
6. Ensure that due regard is made in all commissioning and purchasing decisions to local economic prosperity.
7. Hold ‘Meet the Buyer Events’ where relevant to engage with local businesses and the wider supply community.
8. Simplify, as far as possible, our procurement procedures and documents.
9. To deliver benefits from continued and new collaborative opportunities, we will work collaboratively with other public bodies, in particular Denbighshire County Council, in all procurement and commissioning activity.
10. Develop key performance indicators to capture of outcomes achieved through procurement and commissioning.



11. Services will develop and maintain a rolling and up to date 3 year procurement and commissioning plan for major and recurring contracts to ensure effective planning in the procurement and commissioning cycle.

## OUTCOME 1

### Flintshire County Council achieves value for money from the goods, services and works it procures

The council has always had a duty to ensure we can demonstrate value for money in the delivery of our services, and with increasing budgetary pressure and the need to balance cost reductions against the increasing demand on services, achieving value for money on our bought goods, services and works is more important to the council than ever. However, the ongoing austerity measures and the prospect of ever decreasing budgets means that we now need to go beyond just seeking value for money in the goods, services and works we procure, and be much more proactive in our consideration of options to avoid the need to spend at all, or at least a consideration of how we can significantly reduce the amount we spend. In addition, the administrative cost of sourcing, ordering and paying for goods, services and works is significant. We therefore need to ensure that the way we work is efficient and effective.

#### We will work to achieve this outcome by:

1. Using **collaborative** working for the services we provide with the aim of reducing the need for council expenditure;
2. Undertaking a **zero cost** analysis prior to commencing any procurement or commissioning process;
3. Continually reviewing our **processes** with users and suppliers and endeavour to make them as simple as possible, whilst still ensuring we remain legally compliant;
4. Making better **use of technology** to deliver efficiencies in the commissioning and procurement process; and
5. Improving our **contract management** to ensure that the contracts we enter into are delivered to budget and in accordance with the agreed terms and conditions, including the delivery of any required community benefits.
6. Investing in **people and skills** to ensure that we have a well organised and appropriately skilled workforce, who have the motivation and resilience to deliver excellence in all our commissioning and procurement activities.
7. Measuring whether contracts generate any **savings** and efficiencies against expected costs

## **Collaboration**

### **Why is this important?**

The Council buys its Procurement support from Denbighshire County Council. It is therefore well placed to benefit from the increased purchasing power that could come from combining procurement spend. Areas of common expenditure should be addressed collectively using standardised approaches not only across council Services, but with other public bodies. Before commencing a procurement or commissioning activity, we must consider whether the goods, services or works may be required across council Services or on a regional or sub-regional basis.

Jointly procuring goods, services and work also reduces duplication across the two councils, in particular within the Procurement Service itself. The starting assumption should be that all contacts will be let collectively unless there are good reasons to do otherwise.

### **Where we want to be**

By the end of the strategy period (2021) we expect to see more of our services being delivered through collaborative procurement, either regionally or sub-regionally.

## **Zero Cost and Delivery Models**

### **Why is this important?**

With the current financial situation and budget pressures the Council faces, it is important that we continually review what and why we are procuring, rather than just doing what we have always done. Before any decision to procure is made we should always consider whether there is a zero cost option or an alternative delivery model which would remove, or at least reduce, the need to spend. This includes exploring the opportunities for public to public co-operation, public and private ventures, local authority companies or mutuals or through contracts reserved to disabled or disadvantaged workers or employee owned organisations.

### **Where we want to be**

By the end of the strategy period (2021) we expect to see more of our services being delivered in a way which is helping us to achieve better value for money.

## **Processes**

### **Why is this important?**

Mistakes and omissions cost time and money to rectify, so “getting it right first time” is a critical requirement if we want to improve efficiency in the procurement process. This is best achieved through simple systems and processes which are easily understood and straightforward to follow. We will always need to balance the requirement for any systems and processes we use with the need for us to remain compliant with the law, but we should seek to make all our systems and processes “good enough” to achieve this compliance, rather than add extra and unnecessary complexity. In some instances, we may need to introduce new systems and processes to ensure we comply with the law and our own internal contract procedure rules.

### **Where we want to be**

By the end of the strategy period (2021) we expect all staff involved in procurement activity to be familiar with and competent in using whatever systems and processes are in place, and to have no instances of non-compliance with the law or our own internal contract procedure rules. All of our processes will be actively reviewed with users and peers on an ongoing basis to ensure their proportionality.

## **Use of Technology**

### **Why is this important?**

Technology has a key role to play in delivering efficiencies in the procurement process. Effective application on technology will reduce transaction costs for both the council and its suppliers, speed up delivery timescales, improve compliance with procurement law and regulation, and generally improve transparency of the whole procurement process. It also enables the capture of management information which is critical to support intelligence-led decision making.

### **Where we want to be**

By the end of the strategy period (2021) we want to demonstrably be using technology to provide an end-to-end electronic procurement service to improve delivery quality and consistency.

## **Contract Management**

### **Why is this important?**

Making sure contracts deliver what is expected – in terms of costs, time, specification, and where included community benefits – is fundamental to achieving value for money. This requires active management and regular review of the contract.

### **Where we want to be**

By the end of the strategy period (2021) we expect all of our contracts to be delivered in line with the cost contained in the terms and conditions of the contract at award stage, except where variations to this have been formally agreed and recorded. We also expect council service department to record details of every signed contract on the council's e procurement system and to carry out and record regular monitoring and reviews of each contract.

## **People & Skills**

### **Why is this important?**

We have an ambitious strategy with demanding targets to achieve, and we will only be a successful if we have the right people, with the skills, development opportunities and support in place. This applies to both the officers in the corporate procurement team, but also to officers throughout the council who are undertaking commissioning and procurement activity.

### **Where we want to be**

By the end of the strategy period (2021) we want to have a well organised and appropriately skilled workforce, who have the motivation and resilience to deliver excellence in all our procurement activities.

## **Savings and efficiencies**

### **Why is this important?**

As the council increasingly looks for efficiencies it is important that it delivers savings through its contracts as well as its directly delivered services. Careful use of procurement planning, contract specification and competition can help to reduce costs, though such potential savings can be obscured by increases in demand.

### **Where we want to be**

By the end of the strategy period (2021) we want to have a reliable and accurate method for calculating the potential and actual savings that can be achieved as a result of each procurement exercise.

## Measuring our progress for Outcome 1

**Outcome 1 - The Council achieves value for money from the goods, works and services it procures**

PI no.	Description
<b>CPS1</b>	Number of procurement challenges ( <i>quarterly indicator</i> ) <b>Target 0</b>
<b>Comment</b> >>>	
<b>CPS2</b>	% of contracts delivering anticipated savings ( <i>measure</i> ) <b>Monitor to establish benchmark</b>
<b>Comment</b> >>>	
<b>CPS3</b>	% of potential collaborative procurements that move to actual potential procurements ( <i>measure</i> ) <b>No threshold just monitor</b>
<b>Comment</b> >>>	

## OUTCOME 2

### Flintshire County Council improves the contribution its procurement activity has on the local economy

The council's spend is a major driver for local economic development and creation of a thriving and prosperous economy. However, the need to deliver savings and efficiency improvements will invariably lead to a reduction in the number of suppliers and contractors that directly trade with the council. To ensure that our procurement activity continues to have a positive impact on the local economy, it is important for us to look at ways to improve access to the council and its business opportunities and to support the development of local suppliers. We want to be confident that our procurement policies and procedures do not disadvantage local businesses, and that they find it easy to do business with us.

#### We will work to achieve this outcome by:

1. Working proactively on **local supplier development** to ensure that businesses and the third sector are aware of the opportunities to sell to the council and are capable of submitting high quality bids to opportunities that arise;
2. Developing **new approaches** to how we structure our offers to the market and related contracts to ensure we create opportunities for local businesses to bid and potentially win business from the council;
3. Delivering more and better **social value** through the procurement process
4. Designing procurements to support a sustainable Flintshire

### Local Supplier Development

#### Why is this important?

With the likelihood of the amount the Council spends on goods, works and services reducing year on year for the foreseeable future, it is ever more important to ensure that where we are spending there are opportunities for businesses based within Flintshire, North Wales or Cheshire and the Liverpool City Region to bid for and win contracts with the Council. To ensure this is the case, we need to be working closely with key partners like the Federation of Small Businesses (FSB), North Wales Business Council, Business Wales and the Mersey Dee Alliance to provide the advice and support the business community will need to submit good quality bids for contracts the Council advertises.

#### Where we want to be

By the end of the strategy period (2021) we want to demonstrably be providing more and better opportunities for local businesses to purchase from the Council.

### New Approaches

#### Why is this important?

As well as the external-facing support we need to provide to businesses, we also need to look internally and consider how we approach the market for the goods, services and works that we require. The manner in which we do this can have a significant impact on how attractive and accessible that offer will be to Flintshire based businesses. For example, a bid evaluation process and contract that includes criteria for after-sales service or minimum response times will create opportunities for local businesses, whereas contracts that exclude these type of requirements may not. We also need to make sure that it as straightforward as possible to do business with us by reviewing, simplifying and standardising processes we require businesses to follow when bidding to supply the Council and subsequently in delivering contracts.

## Where we want to be

By the end of the strategy period (2021) we want to be confident that our procurement policies and procedures do not disadvantage local businesses, and that they find it easy to do business with us.

## Social Value

### Why is this important?

Community benefit are contractual clauses which can be used to build a range of economic, social, or environmental conditions (social value) into the delivery of our contracts. They allow us to align our procurement activity with our corporate objectives and in so doing contribute to our ambition of developing the local economy, creating more jobs and tackling poverty in the county.

## Where we want to be

By the end of the strategy period (2021) we want to demonstrably be delivering more social value through the procurement process.

## Measuring our progress for Outcome 2

Annual High Level Indicators	2015 baseline	Desired Trend
% of council spend with Flintshire businesses	31%	↑
% of council spend with North Wales businesses	52%	↑
% of council spend with Welsh businesses	59%	↑
% of council spend with businesses in the Mersey/Dee Alliance area	TBC	TBC

PI no.	Description
<b>CPS 4</b>	<i>% local spend Mersey Dee Alliance Area (quarterly indicator)</i> <b>No threshold just monitor</b>
<b>Comment &gt;&gt;&gt;</b>	
<b>CPS 5</b>	<i>% Welsh spend (quarterly indicator)</i> <b>No threshold just monitor</b>

<b>Comment &gt;&gt;&gt;</b>	
<b>CPS 6a</b>	% of Flintshire contracts over £25,000 and under £1,000,000 containing community benefits ( <i>quarterly indicator</i> ) <b>60% of contracts</b> <b>20% intervention point</b>
<b>Comment &gt;&gt;&gt;</b>	
<b>CPS6b</b>	% of Flintshire contracts over £25,000 and under £1,000,000 containing community benefits ( <i>quarterly indicator</i> ) <b>100% of contracts</b>
<b>CPS 7</b>	% of spend with Flintshire based suppliers ( <i>quarterly indicator</i> ) <b>35% excellence</b> <b>25% intervention</b>
<b>Comment &gt;&gt;&gt;</b>	
<b>CPS 8</b>	% of spend with Flintshire based suppliers ( <i>quarterly indicator</i> ) <b>No threshold just monitor</b>

### **Outcome 3: Ensure procurement processes are available online and that suppliers and residents have access to electronic data relating to procurements**

To ensure that our procurement activity is open and transparent, it is important for us to look at ways to improve access to council standard documents and the ability of businesses to apply for business opportunities. We want to be confident that our procurement documents are generally available, that businesses know the basis upon which we transact business and have easy access to business opportunities with the council.

#### **We will work to achieve this outcome by:**

1. Making our standard procurement documents available on line via the council's website.
2. Issue our business opportunities using an e procurement tool.

#### **Measuring our Progress for Outcome 3**

PI no.	Description
<b>CPS 9</b>	All Procurement documents (standard contracts and standard forms) are available on the Council's website and are kept updated <b>No threshold just monitor</b>



# DELIVERING THE STRATEGY

Delivering the outcomes described in this strategy is not the preserve of any one Council service or team, but will require contributions from all teams and departments. All services undertake procurement and commissioning, and therefore all have a contribution to make to improve our performance in terms of both achieving value for money, and on the impact our procurement activity has on the local economy. There are ways in which procurement can be used to encourage local or region growth without explicitly favouring local companies – for example through:

- Running procurements in ways that encourage local potential suppliers to bid – for example through: – promoting potential contracts locally (although not exclusively so),
  - making it easier to bid,
  - training or advising potential local suppliers, or
  - breaking contracts down into lots of a size that smaller local suppliers would be able to manage more easily,
  - encouraging major long term suppliers to increase their local supply chain;
  - Buy things in a way that helps boost local economies indirectly, for example with associated requirements that lead to more local people being trained.
  - Buy things that have the potential to help boost local economies in and of themselves,
  - Save money through effective procurement and using the money saved to boost local economies in other ways.