

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

DATE 21 SEPTEMBER 2016

Report of the Corporate Director Operational & Partnership Services

Procurement

1. Purpose of Report.

- 1.1 The committee has sought a report on how the Local Authority is getting best value for money on services and goods and what other local authorities are doing in the UK and wider.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 There is a direct connection to the third corporate priority – making smarter Use of resources.

3. Background.

- 3.1 The effective use of procurement in the purchasing of goods and services is bound within a domestic and European legislative framework. It is impacted by a wider legislative framework controlling the financing of Local Government and the need to ensure efficient use of public monies. Culturally however it is argued that this should be of little importance to the Authority. Of more importance is the culture of accepting that procurement simply makes good business sense. With significant cuts to the budget, proper procurement can limit the impact on services and staff.

4. Current situation / proposal.

- 4.1 The corporate procurement project has the following work streams which are intended to deliver the outcome of ensuring efficiency in the purchase of goods and services through the management of contracts and effective cross directorate overview of procurement A complete review of contract procedure rules to ensure that they are fit for purpose, are up to date and in line with the current Public Contracts Regulations 2015. The project has set up a task and finish group to review and update the internal contract procedure rules to ensure the authority has the ability to be innovative and flexible in the way it buys goods and services, removing unnecessary bureaucratic stages within the process. In it's simplest form this will include a review of the contract thresholds to ensure that procurement can be undertaken at the right level in the organisation with a balance of probity but also speed.

- In compliance with the Public Contract Regulations 2015, the Procurement Team is working with local providers to ensure that they have access to the Authority's service requirements. This encourages Small to Medium Size Enterprises to bid for business. The team also undertakes pre- procurement events to 'work with' organisations and ensure that suppliers are skilled and ready to take part in a forthcoming procurement process.
- The roll out of purchasing cards across the relevant departments in the authority. This provides an efficiency saving in the use of technology as opposed to a paper based ordering process. It has the added advantage of providing an income through commission on use and for 2015/16 provided £10530.70 - BCBC £9181.21 – Comprehensive schools £1349.49)
- EProcurement - Roll out of Basware (an electronic system providing an electronic marketplace) across the authority. The team is working closely with Finance and Welsh Government to ensure implementation. The system provides the authority with electronic access to all National Procurement Service frameworks and potentially Crown Commercial Services frameworks. It will also simplify ordering and payment processes, encourage collaborative procurement and encourage e invoicing, in line with the Minister's Welsh Procurement Policy Statement.
- The Team continues to roll out eTendering. The authority must comply with the Procurement Contract Regulations 2015 and implement full electronic tendering by April 2017. eTendering has been implemented within the corporate procurement team and also provided relevant staff within the authority with a 2 day training course to enable them to conduct requests for quotes electronically (with guidance from procurement).
- Corporate Contracts Register – Procurement has implemented this via the etenderwales portal and has provided training to relevant staff within each department ensuring knowledge on how to upload any contracts/spend. By April 2017 it will be the responsibility of each client department to maintain the Corporate Contracts Register. The register will provide better visibility of all spend across the authority. It will provide the ability to plan for renewal of contracts and ensure compliance. It will provide the ability to run specific reports on spend, local suppliers, community benefits, savings and supplier profiles to ensure that the authority is getting value for money and the quality of goods/services. It will also enable the category lead structure to work in providing sight on all spend within a category across the authority.
- Part of the review of processes has resulted in a simple 'pre tender form'. This enables the team to quickly make informed decisions on the best procurement option. It also ensures that the authority moves away from devolved procurement across the authority, treating the process as a one authority budgetary and service responsibility.

- Category management (lead)– The procurement team has recently undertaken a re-structure and implemented a category management approach to procurement. Category management is a strategic approach which organises procurement resources to focus on specific areas of spends. This enables category specialists to focus their time and conduct in depth market analysis to fully control their procurement decisions on behalf of the authority as a whole. This approach encourages joint, cross functional working to achieve innovative solutions to procuring goods and services, efficient forward work planning and to have control over not compliant and inefficient spend throughout the authority.
- A number of National Procurement Services and Crown Commercial Services framework agreements are used to conduct further competitions for our requirements, such as postal services, hand tools and equipment, PPE, I.T requirements, paper, agency workers, occupational health, rock salt, consultancy, welsh language translation, cycle to work scheme – this reduces the procurement timescales and offers greater value for money due to national collaborations that encourages the cost to be driven down by offering suppliers a larger commitment of spend. This is not simply an ‘approved contractor list’ but a series of fully procured frameworks offering the best value for money. Equally there are times when frameworks allow a ‘mini competition’ within the framework again seeking reduced spend.
- E auctions will feature more in the future as methods of procurement. Experience so far has led to an e-auction for transport providing considerable savings. The team will continue to consider auctions for relevant areas of spend.
- Non cashable savings: The team has contributed to a number of non-cashable savings by adopting the principle of getting more for less as part of a detailed, innovative specification for tendering, particularly in adult social care, supporting people, school builds and transport (e auctions). By getting more for less the authority can reduce the need for high cost services by purchasing preventative, early intervention services.

4.2 The above work is contributing to an improvement in the efficiency of the authority in the purchase of goods and services. The Authority is in a process of considerable change in the way in which services are delivered and in response to significant budget cuts. Procurement has its role to play in making those changes and delivering savings. The authority is working at a national level in the use of Wales and UK Wide procurement networks and is developing to undertake that role within a lean and efficient process. The Authority must comply with legislation and at times that can appear burdensome: however, with a culture that sees procurement as simple business sense and a strategic partner to the need to change the way in which the whole authority operates, those requirements make sense. There

is a balance to be drawn in ensuring that small spend is not bogged down in process, therefore the following procurement thresholds apply:-

- ✓ up to £25k required to request 3 quotes,
- ✓ £25k - £75k required to advertise on sell2wales (supporting the Open Doors Charter) to request 3 quotes,
- ✓ above £75k a full tender process is required up to the value of £164,176 for goods and services, £4,104,394 for works and £589,148 for social and other specific services – this is when the authority is required to adhere to the EU Directives for procurement.

4.3 The way in which we procure is without doubt changing. The closure of County Borough Supplies was not the decision of this Authority. There was a preference to modernise and re-site however; the closure is without doubt indicative of the changes taking place within procurement processes. The rise in the use of frameworks and the ability to order digitally particularly with the creation of the National Procurement Service provides a move away from traditional ordering and storage. The Authority is encouraged to utilise the NPS frameworks for all stationery, paper, janitorial products, educational products that we previously purchased from county supplies. The NPS has the ability to drive down cost on common and repetitive spend due to the high volume of spend through collaboration on a national level.

The Authority is in a good position to maintain its improvement in procurement across the Authority. The most important issue for the future is to further develop a culture within the Authority ensuring that procurement is seen as a positive force in the delivery of services and cost reduction.

5. Effect upon Policy Framework & Procedure Rules.

5.1 The work detailed within this report will impact on the contract procedure rules and procurement procedures.

6. Equality Impact Assessment

6.1 There are no equality implications in this report.

7. Financial Implications.

7.1 There are no financial implications in this report.

8. Recommendation.

8.1 To note the report.

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Background documents

None