

City of Cardiff Council

Procurement Strategy 2017-2020
Delivering Commercial and Social Value

Foreword

With an annual spend on bought-in goods, services and works of over £380 million, it is imperative that the Council manages this spend responsibly to ensure we obtain value for money and support the Council's wider objectives. This Strategy builds on the successes delivered over the last 4 years including the implementation of Category Management, which has resulted in a step change in the way in which procurement is managed across the Council and delivered significant cost reductions.

The Council is continuing to face a number of challenges including continued budgetary constraints and an increasing demand for services, resulting in the ongoing need to deliver efficiency savings and to be more commercially focused. However, the Council also recognises the opportunity to maximise social, economic, environmental and cultural wellbeing through its procurement activity. To this end it is committed to the delivery of community benefits, including employment and apprenticeships, and the promotion of "Fair Working Practices" including payment of the Living Wage.

This Strategy acknowledges the key role that procurement will continue to play in enabling the Council to meet these challenges and outlines our vision and priorities for the next four years. It sets out how the Council will continue its procurement journey and build on what it has achieved to date by:

1. Acting Smarter

- Ensuring staff have the procurement skills, knowledge and tools to work effectively and independently.
- Continuing to innovate, utilise technology and challenge traditional delivery models to deliver improved value.
- Ensuring that the Council's social responsibility principles are promoted through our procurement processes and contracts.

2. Buying Responsibly

- Ensuring that we only buy what we need and that we deliver value for money on all spend.
- Ensuring that we have the appropriate levels of controls and that staff understand and comply with them.
- Maximising the economic and social value we deliver whilst minimising any environmental impact.

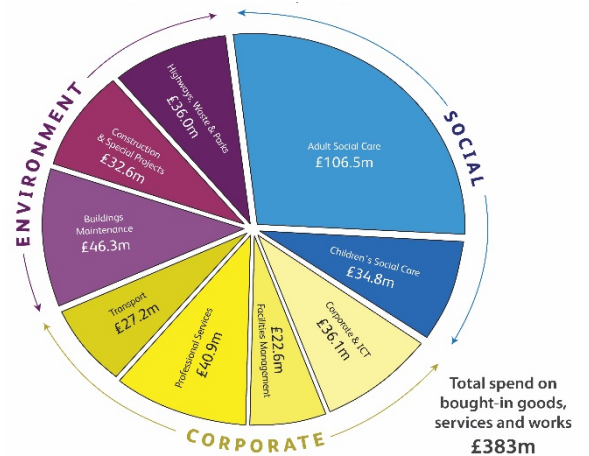
3. Collaborating and Engaging

- Ensuring that there is positive engagement with staff across the Council to support and encourage the delivery of innovative solutions within the agreed Council rules and wider legislation.
- Supporting effective collaboration across the public sector where it delivers value for the Council.
- Engaging with suppliers, contractors and service providers to drive continuous improvement, innovation and deliver greater value.

Procurement Matters

The City of Cardiff Council is the largest unitary authority in Wales and is responsible for the delivery of a wide and diverse range of statutory and discretionary public services.

The Council delivers its services directly through its own workforce, and through private and third sector organisations. The Council spends over £380 million a year procuring a diverse range of goods, services and works from over 9,000 suppliers and contractors.



The Council has a responsibility to manage public money with probity, to ensure that value for money is achieved and to manage it in such a way that we can support wider Council objectives.

This Strategy sets out the Council's key procurement priorities through to 2020 and the key changes that it will make to improve the management of its external spend on goods, services and works.

Procurement Journey So Far

The Commissioning & Procurement Strategy 2011-15 established an ambitious programme to transform procurement in the Council through the adoption of category management to deliver cashable savings and improve procurement performance across the Council. Key successes include:

- The successful implementation of category management across all of the Council's third-party spend including traditionally hard to reach areas such as social care.
- The delivery of £18m of procurement related savings through a combination of demand and supply side strategies with more than £12m directly linked to general fund budget savings.
- An increase in spend under management to more than 90% through our Buying Responsibly initiative.
- Improved efficiency of the ordering and payments process by removing around 200,000 paper invoices.
- Being classified in the KPMG Procurement Fitness Check as "Developing to Advanced" overall and "Advanced" for Procurement Leadership and Governance, Procurement Strategy and Objectives, and Performance Management.
- Winners of Procurement awards at a both UK and Welsh level.

However, despite our achievements the Council is continuing to work in a challenging financial environment and having to manage ongoing significant budget cuts. In addition, the Council and Procurement in particular are facing increasing expectations to deliver wider policy initiatives. This context and our response is set out within this strategy.

Procurement Context

There are a number of priorities, policy aspirations and legislative requirements which need to be considered. These include:

EU and UK Legislative Context

The Council's procurement of goods, services and works must be grounded in the European Union Treaty Principles of free movement of goods, freedom of establishment, freedom to provide services. These principles are underpinned by values of equal treatment, non-discrimination, mutual recognition, proportionality and transparency. The EU Public Sector Procurement Directive 2014 was transposed into UK Law by the Public Contract Regulations 2015. As the UK and Welsh Governments were at the heart of the development of the EU Directive it is not currently envisaged that the Brexit vote in June 2016 will see any significant changes in the regulations during the life of this Strategy but the situation will be monitored.

In addition to the Public Contract Regulations the Council needs to ensure that its procurement policies and practices adhere to a range of additional legislative requirements including the [Equality Act 2010](#).

Welsh Context

[Wales Procurement Policy Statement](#) is a set of 10 principles by which the Welsh Government expects public sector procurement to be delivered in Wales.

[Well-being of Future Generations \(Wales\) Act](#) is focused on improving the social, economic, environmental and cultural well-being of Wales. The guidance states, *"the role of procurement will be an important part of how a public body allocates resources under the Act."*

Cardiff and Regional Context

The [Cardiff Capital Region \(CCR\) City Deal](#) was signed in March 2016 and is an agreement between the UK government, the Welsh government and the ten leaders of the local CCR. It includes £1.2 billion investment in the Cardiff Capital Region's infrastructure through a 20-year Investment Fund.

[What Matters Strategy \(2010-2020\)](#) is the integrated partnership strategy for Cardiff that focuses on the delivery of seven key strategic outcomes which will improve the economic, environmental and social wellbeing of Cardiff.



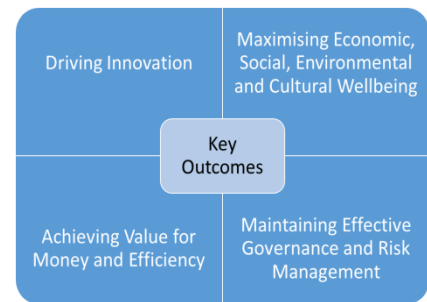
Council Context

The Council's [Corporate Plan](#) is the Council's Business Plan, setting out the Council's Co-operative Values and Priorities. It sets out the Council's vision *"to be Europe's most liveable Capital City"* and contribution to delivering the What Matters Strategy.

The Council is continuing to face a significant budget challenge. Despite delivering savings of £200m over the past 10 years the Council is facing a budget gap of £25m during 2017/18 and a potential shortfall of £76m over the next three years.

Organisational Outcomes

In response, the Council has identified the following key organisation outcomes, which will be supported and / or delivered by this strategy:



Maximising Economic, Social, Environmental and Cultural Wellbeing

We will actively work to obtain added value from Council contracts and spend. To achieve this, we will:

- Support the delivery of the Wellbeing of Future Generations Wales Act, by incorporating **Community Benefits** into all suitable contracts.
- Implement the Welsh Government’s **Code of Practice – Ethical Employment in Supply Chains**.
- Work with partners to support **local businesses and SMEs** to access public sector opportunities.
- Work to encourage suppliers, contractors and providers to pay their staff the **Living Wage**.
- Develop a **Social Responsibility Policy** and **Charter** and encourage contractors, suppliers, providers and partners to adopt the Charter.
- Develop and publish a “Fair Work Practices” Statement.

Achieving Value for Money and Efficiency

We will ensure that we are achieving value for money in terms of both whole life cost and quality and that we operate efficiently. To achieve this, we will:

- Continue to manage and organise all of our procurement activities using **category management** to ensure effective prioritisation and co-ordination of resources across the Council.
- Continue to review procurement activity across the Council to ensure we are achieving value for money and effectively managing demand
- Make use of and support **collaborative sourcing** including the National Procurement Service where it represents value to the Council.
- Ensure our procurement activities are managed efficiently and utilise technology

Driving Innovation

We will actively work with staff across the Council to drive and encourage innovation where it can reduce the cost and / or improve the effectiveness of Council services. To achieve this we will:

- Use **strategic and transformational sourcing** as appropriate to stimulate creative and innovative solutions based on a clear understanding of business requirements, related markets and good practice from elsewhere.
- Work with Directorates to **challenge** existing procurement arrangements, to identify savings opportunities and plan forward work programmes.
- Recognise the value and importance of **supplier relationship management** and **collaboration** across the public, private and third sector to drive innovation and greater value.
- Support the consideration, evaluation and implementation **of alternative service delivery models**.
- Utilise **Atebion Solutions Ltd**, the Council’s **Local Authority Trading Company**, to deliver commercial and procurement services so that the expertise and knowledge of the team can be utilised to provide services to other organisations whilst generating an income stream for the Council. Is there a need to also review the engagement processes with this trading company in the light of this revised strategy?

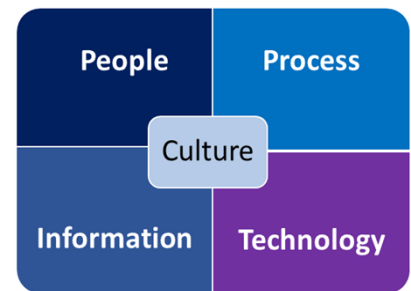
Maintaining Effective Governance and Risk Management

We will continue to ensure that Council complies with relevant legislation and that the governance and risk management arrangements of the Council are proportionate and followed. To achieve this, we will:

- Maintain a **procurement forward plan** of procurement projects over £150,000 to improve how we manage and deliver these projects.
- Ensure that the **procurement policies** and **procedures** are regularly reviewed and kept up to date.
- Improve **contract management** across the Council.
- Continue to report on **procurement performance** and **compliance** to Senior Management Team at least every 6 months.

Key Enablers

The Council recognises five key enablers that will be critical to the delivery of this strategy – Culture, People, Technology, Process and Information.



Culture

We will:

- Develop a culture that is **innovative** and **challenges** traditional delivery to improve what we do and drive savings.
- Ensure that staff understand and appreciate the rules and policies of the Council
- Ensure that there is positive engagement with staff across the Council to support and encourage the delivery of innovative solutions within the agreed Council rules and wider legislation.

People

We will:

- Continue to invest in our People to ensure that the Procurement Team has the right mix of skills, knowledge and expertise.
- Ensure staff across the Council have the procurement skills, knowledge and tools to work effectively and independently.
- Should there be an aim related to adequate staffing levels to deliver any procurement process?

Process

We will:

- Simplify and standardise our **core processes** and ensure our **controls** ensure compliance.
- Ensure that **standard templates** are in place for key procurement and contracting documentation and that these are regularly reviewed.

Technology

We will:

- Invest in the use of **technology and e-procurement** to underpin and simplify our core processes for both staff and suppliers.
- Improve our Purchase to Pay (P2P) processes to drive efficiency savings

Information

We will:

- Provide staff with **accurate timely spend data** to inform procurement decisions and identify savings opportunities.

- Produce an **annual procurement performance report**.

Monitoring Delivery and Performance

The delivery of this Strategy will be managed through a Delivery Plan with progress reported on an annual basis using a Balanced Scorecard based on the key organisational priorities. Does this include incentives and sanctions? How will any issues be addressed during the life of any procured service?



The Delivery Plan will include detailed actions and KPIs. All actions will be cross-referenced to Welsh Government Procurement Policy including the Procurement Fitness Check, Wales Procurement Policy Statement, Wellbeing of Future Generations Wales Act and Code of Practice – Ethical Employment in Supply Chains.