

**APPENDIX 5**

**Priority: Modern and Efficient Council**  
**Sub-Priority: Procurement Strategy**  
**Impact: Making our money go further through smart procurement**

What we said we would do in 2013/14: -

**1. Simplify, standardise and automate our local procurement arrangements both in professional practice and the use of technology.**

Progress Status	Progress RAG	A	Outcome RAG	A
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The Purchase-to-Pay solution has now been fully rolled-out to all Directorates and Service Areas with exception to schools and transactions involving job costing solutions. The process efficiencies highlighted below relate to purchase ordering and receipting only. Further additional efficiencies will be achieved on invoice processing during 2014/15. The projected outturn for 2013/14 is £103,677. The process efficiencies have now been calculated using local process recording efficiencies rather than National Audit Office figures as reported previously on the Mid-Year report (£161,000). Please note the process efficiencies have not as yet been removed from Directorate budgets.

The Procurement cost efficiencies outturn of £970,000 is the level of savings included in the 2013/14 Budget and that is the figure monitored as part of the regular budget monitoring process. This is on-going work in progress with a cross-directorate working group established to identify and realise additional procurement efficiencies. There will be a short-fall against the original Flintshire Future programme target of £1,723 ml which was based on 3% of influenceable spend.

**Achievement will be measured through:**

- Process and cost efficiency targets being achieved

Achievement Measures	Lead Officer	2012/13 Baseline Data	2013/14 Target	2016/017 Aspirational Target	Current Outturn	Performance RAG	Outcome Performance Predictive RAG
Achievement of procurement process efficiencies	Head of ICT & Customer Services	£24,000	£102,000	£267,000	£53,000	A	G
Achievement of procurement cost efficiencies (see commentary above regarding target and outturn)	Head of ICT & Customer Services	N/A	£1.723m	£2.673m	£0.970m	A	A

**Risk to be managed** – Ensure the internal adoption of improved procurement practice and process.

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)		
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)	
M	M	A	New CPR's will be in place from September, 2013 which mandates standard processes and use of systems.	L	L	G	The risk is actually completing the rollout of the new systems according to plan, which we are monitoring via strong project governance.	Head of ICT & Customer Services	↓	L	L	G

**2. Optimise procurement efficiencies through the use of regional procurement frameworks.**

<b>Progress Status</b>	<b>Progress RAG</b>	<b>A</b>	<b>Outcome RAG</b>	<b>A</b>
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Following the decision to bring to an end the North Wales Procurement Partnership, the use of Regional procurement frameworks has generally reduced. However a Memorandum of Understanding is in place to ensure continuity and management of residual NWPP contracts and a number of collaborative regional frameworks developed by individual L.A. has been developed e.g. 21<sup>st</sup> Century Schools Framework, with other collaborative framework opportunities being identified.

Additionally the Authority has become a member of the Welsh Purchasing Consortium in November 2013 and progress has already been made in collaboration on framework agreements across 19 L.A.'s. It's expected that the volume of use of sectoral procurement frameworks will increase resulting in on-going efficiencies.

**Achievement will be measured through:**

- The scale of the use of regional procurement frameworks and the resulting efficiencies

Achievement Measures	Lead Officer	2012/13 Baseline Data	2013/14 Target	2016/17 Aspirational Target	Current Outturn	Performance RAG	Outcome Performance Predictive RAG
Achievement of efficiency savings achieved due to the use of regional procurement frameworks.	Head of ICT & Customer Services	£257,000	£250,000	£300,000	£243,000 (cumulative)	<b>G</b>	<b>G</b>

**Risk to be managed** – Keep up the pace of collaboration to maximise procurement efficiencies through the use of the National Procurement Service and regional procurement frameworks (links to activities 2- 4).

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)		
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)	
M	M	A	MOU signed to ensure continuity and management of residual NWPP contracts.	M	M	A	Consideration of membership of WPC to access their contracts, NPS due to come on stream from November for national frameworks for repetitive spend.	Head of ICT & Customer Services	↓	L	M	G

**3. Using the new Welsh National Procurement Service effectively to maximise the benefits for the organisation.**

**Progress Status**

**Progress RAG**

**A**

**Outcome RAG**

**A**

The National Procurement Service has now been launched by Welsh Government. This new Service will also develop procurement frameworks for common and repetitive spend areas. However, there may be a delay before efficiency savings are available and realised, since the new service is still in early stages of delivery.

**Achievement will be measured through:**

- The scale of the use of the National Procurement Service and the resulting efficiencies

**Achievement Milestones for strategy and action plans:** (Lead Officer – Head of ICT & Customer Services)

- Establish mechanism to collect and report the volume of goods and services procured through the National Procurement Service – June 2014
- Establish mechanism to collect and report the achievement of efficiency savings achieved due to the use of national procurement frameworks– June 2014

**Risk to be managed** – Keep up the pace of collaboration to maximise procurement efficiencies through the use of the National Procurement Service and regional procurement frameworks (links to activities 2- 4).

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)		
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)	
M	M	A	Use of Value Wales and GPS contract continues in advance of NPS contract coming on stream	M	M	A	Consideration of membership of WPC to access their contracts. NPS due to come on stream from November for national frameworks for repetitive spend.	Head of ICT & Customer Services	↓	L	M	G

#### 4. Implement proposals for a joint Flintshire and Denbighshire corporate procurement unit.

<b>Progress Status</b>	<b>Progress RAG</b>	<b>A</b>	<b>Outcome RAG</b>	<b>G</b>
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The merger to create a joint Denbighshire and Flintshire Corporate Procurement Unit is progressing well and a number of workshops have taken place with staff as part of the consultation process. The detail business case is in development and expected to be finalised by early March 2014. The full business case will then be presented to individual cabinet for consideration and approval early 2014/15.

**Achievement will be measured through:**

- The merger of Flintshire and Denbighshire procurement teams to a single corporate procurement unit serving the 2 organisations

**Achievement Milestones for strategy and action plans:** (Lead Officer – Head of ICT & Customer Services)

Creation of a single corporate procurement unit for Flintshire and Denbighshire County Councils – January 2014

**Risk to be managed** – delays in agreeing and implementing new joint arrangements.

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)		
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)	
H	H	R	Development of full business case for agreement by both cabinets. Senior management and staff engaged and supportive of new arrangements. Project team in place.	M	M	A	Full engagement with all stakeholders will continue. Due to seek cabinet approval at both Councils in October, 2013	Head of ICT & Customer Services	↔	M	M	A



**5. Develop an improved corporate approach to community benefits and supply chain management to benefit the organisation, local communities and the local economy**

<b>Progress Status</b>	<b>Progress RAG</b>	<b>A</b>	<b>Outcome RAG</b>	<b>A</b>
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The Contract Procedure Rules have been revised and approved to incorporate the mandatory inclusion of community benefits for projects above £2m. A procurement checklist has also been developed, which will require service areas to consider SME implications and supply chain management considerations when devising their procurement approach.

The 21<sup>st</sup> Century Schools framework has specific targets included for community benefits and supply chain benefits. These will be integrated as key performance indicators to FCC capital works projects going forward.

**Achievement will be measured through:**

- The increasing inclusion of community benefits clauses in contracts

**Achievement Milestones for strategy and action plans:** (Lead Officer – Head of ICT & Customer Services)  
Establishment of criteria and identification of applicable contracts to include community benefit clauses – January 2014

Achievement Measures	Lead Officer	2012/13 Baseline Data	2013/14 Target	2016/17 Aspirational Target	Current Outturn	Performance RAG	Outcome Performance Predictive RAG
Number / Percentage of applicable contracts which include community benefits clauses.	Head of ICT & Customer Services	1 Contract	100%	100%	100% (2)	<b>G</b>	<b>G</b>

**Risk to be managed** – Having the creativity to apply community benefit clauses within contracts.

Gross Score (as if there are no measures in place to control the risk)			Current Actions / Arrangements in place to control the risk	Net Score (as it is now)			Future Actions and / or Arrangement to control the risk	Manager Responsible	Risk Trend	Target Score (when all actions are completed / satisfactory arrangements in place)		
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)	
H	M	R	Identify opportunities for including Community Benefit clauses in applicable contracts.	M	M	A	Measurement of impact and outcomes of community benefits clauses	Head of ICT & Customer Services	↔	M	L	G