

**APPENDIX 3**

**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 2014/15:***

**1. Optimise procurement efficiencies through the use of regional and national procurement collaborations.**

<b>Progress Status</b>	<b>Progress RAG</b>	<b>G</b>	<b>Outcome RAG</b>	<b>G</b>
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***What we did in 2014/15:-***

- The Council engaged collaboratively with the National Procurement Service to discuss their proposed Work Programme.
- The Council has also been proactive in ensuring that FCC officers are represented on various NPS category forums that aims to determine the individual category strategy in respect to procurement route to market.
- The Joint Collaborative Procurement Service with DCC has also been proactive in undertaking various collaborative joint tendering on various specific projects.
- The Council actively engaged with the Welsh Purchasing Consortium in delivering sectoral collaboration.

***What went well:-***

- The efficiency procurement targets set for 14/15 have been surpassed with £530,263 efficiency savings delivered against a target of £250,000.
- The Joint Collaborative Procurement Service (JCPS) that was set up in July 2014 continues to undertake joint tendering projects in order to achieve efficiency savings as a result of economies of scale.
- The JCPS has been proactive in identifying new UK national procurement collaborations that are deemed available for use. As a result cashable procurement efficiencies have been obtained as well as process efficiencies, since FCC have not been required to undertake their own tendering process which is time consuming and resource intensive.

**What did not go so well:-**

- The Welsh Government National Procurement Service that became operational in November 2013, has not delivered in a timely manner the expected work programme procurement efficiencies that was anticipated. This has resulted in more emphasis and pressure put on local delivery of required efficiencies.
- As a result of the creation of the National Procurement Service (NPS) to contract on common and repetitive spend areas, this has resulted in the majority of existing Welsh Purchasing Consortium contracts have been or are in the process of being migrated over to the NPS. Consequently, the future role and existence of the Welsh Purchasing Consortium is under review and there is a strong possibility that the WPC will cease to exist in its current form after 31<sup>st</sup> March 2016.

**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**

- The scale of the use of regional procurement collaboration and the resulting efficiencies.

Achievement Measures	Lead Officer	2013/14 Baseline Data	2014/15 Target	2016/17 Aspirational Target	2014/15 Outturn	Performance RAG	Outcome Performance Predictive RAG
IPME4M3 - Achievement of efficiency savings achieved due to the use of National, Regional and Sectoral procurement frameworks	Chief Officer - Governance	£303,000	£250,000	£300,000	£530,263	G	G

**2. Implement proposals for a joint Flintshire and Denbighshire corporate procurement unit.**

<b>Progress Status</b>	<b>Progress RAG</b>	<b>G</b>	<b>Outcome RAG</b>	<b>G</b>
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**What we did in 2014/15:-**

- The Joint Collaborative Procurement Service (JCPS) between FCC & DCC became operational on 1<sup>st</sup> July 2014. As a result 4 existing FCC Procurement staff were transferred to Denbighshire County Council through a TUPE transfer arrangement.
- All affected staff in the transfer were supported throughout the staff consultation process with regular dialogue with trade union representatives.
- The new JCPS is seen as an innovative approach which is underpinned as an example of what can be achieved through voluntary collaboration and can be seen as an initial positive step towards delivering support services through shared services.

**What went well:-**

- The merger of both Strategic Procurement Units across both Councils to form the JCPS was delivered on time and to budget.
- A work programme resulting in joint collaborative tendering of specific projects has been undertaken, resulting in potential efficiencies through economies of scale as well as process efficiencies.
- The creation of the JCPS has allowed a Procurement Business Partner approach to be developed which will allow service areas to receive dedicated procurement support from named officers. This in turn will allow the procurement officers to work more closely with service areas and to develop more robust specific category of spend strategies going forward.
- The new joint service has created a greater resilience to staffing issues with now 10 staff working across various strategic and operational procurement projects as opposed to 4 staff prior to the merger.

**What did not go so well:-**

- During the first 6 months of the JCPS, there were unfortunately 3 instances whereby senior procurement officers were absent due to long term sickness absence. As a result the standard of support service delivery was affected with some projects not been delivered against agreed timescales, which required workloads to be re-distributed and re-prioritised.
- The 3 County Procurement Project involving Flintshire, Denbighshire and Gwynedd was brought to a very disappointing end, due to the Regional Collaborative Funding obtained from Welsh Government being cut with little notice. The delivery of the 3 County project incorporating category management implementation was seen as the next logical step in the procurement transformation journey following the creation of the JCPS.

**Achievement will be measured through:**

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

**Achievement Milestones for strategy and action plans:**

- The merger of Flintshire and Denbighshire procurement teams to a single corporate procurement unit serving the two organisations by 1 July 2014.

**3. 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>G</b>	<b>Outcome RAG</b>	<b>G</b>
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<b>What we did in 2014/15:-</b>				
<ul style="list-style-type: none"> <li>• A number of Community Benefits training workshops have been held, targeting specifically officers who undertake procurement activities within service areas.</li> <li>• Community Benefits stipulations have been included on various large high value capital projects e.g. SHARP (Social Housing and Regeneration Project).</li> <li>• Contract Procedure Rules have been amended to make it mandatory that all projects above £2m deliver community benefits.</li> <li>• Procurement processes have been simplified in the e-sourcing system that will ensure our processes create a level playing field for SME's.</li> <li>• The Proactis e-sourcing solution that is currently being implemented will remember previous answers submitted by SME's with regard to tender opportunities, thus auto-populating future tendering questions with previous answers. This has resulted in less burden on SME's when bidding for Council contracts.</li> <li>• We now more widely advertise our contracts above £25,000 in value, hence more low value opportunities are being made available to SME's to compete for our business.</li> <li>• Our general terms and conditions of contract have been revised in order to ensure fair payment practice of 30 days payment to local sub-contractors, when engaged by main contractors.</li> </ul>				

**What went well:-**

- Funding was obtained from Welsh Government through Value Wales to deliver a number of Community Benefit training workshops.
- Community Benefits realisation was delivered on a number of high value construction projects, with further community benefits to be derived in the future as a result of putting in place the 21<sup>st</sup> Century Schools Contractor Framework Agreement.

**What did not go so well:-**

- Due to the need to replace the initial E-sourcing Project Manager as well as the scale and complexity of configuring the solution, the implementation of the Proactis e-tendering solution has been delayed in being rolled-out across all service areas.
- Although the Contract Procedure Rules have been amended to make it mandatory to incorporate community benefits, there are still compliance issues within service areas, and the JCPS are having to consistently intervene to ensure community benefits are being considered on high value projects.

**Achievement will be measured through:**

- Increasing inclusion of community benefit clauses in contracts.

**Achievement Milestones for strategy and action plans:**

- Establishing a wider range of community benefit clauses to be used when procuring services by October 2014.

Achievement Measures	Lead Officer	2013/14 Baseline Data	2014/15 Target	2016/17 Aspirational Target	2014/15 Outturn	Performance RAG	Outcome Performance RAG
Percentage of applicable contracts which include community benefits clauses	Chief Officer - Governance	100%	100%	100%	100%	G	G

**Risk to be managed – Keep up the pace of collaboration to maximise procurement efficiencies through the use of the National Procurement Service and Welsh Procurement consortium frameworks.**

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 Tren d	Target Score (when all actions are completed / satisfactory arrangements in place)			
Likelihood	Impact	Gross Score		Likelihood	Impact	Gross Score				Likelihood	Impact	Gross Score	Target Date
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)		
M	M	A	Use of Corporate frameworks is now mandatory as per the new CPR's. The use of Value Wales and Welsh Purchasing Consortium framework agreements continues in advance of National Procurement Service (NPS) arrangements coming on stream. The National Procurement Service is still finding its feet and the delivery of efficiencies is dependent on NPS implementation and work programme delivery. However, to mitigate the risk of timely efficiencies not being forthcoming then local tendering opportunities are being undertaken which will deliver any shortfall in efficiencies from the NPS.	L	M	G	<p>There will be numerous collaborative tender processes undertaken that will deliver the required efficiencies. The savings realised from these should cover any slippage from national arrangements.</p> <p>There has been more examples of the NPS now beginning to deliver on their work programme with the award on having being delivered on various framework agreements. The award of such framework agreements will ensure that savings will now start emerging from NPS arrangements.</p>	Chief Officer - Governance	↓	L	M	G	Apr 15

Risks to be managed – Ensure the internal adoption of revised 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	Target Date
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)		
M	M	A	<p>New Contract Procedure Rules (CPR's) are in place since October 2013 which mandates standard processes and use of systems. 300+ officers have received new CPR awareness training.</p> <p>The introduction of a Procurement Business Partner approach will ensure a closer working relationship between the JCPS and service areas. This in turn will re-enforce the need to ensure compliance with the Contract Procedure Rules.</p>	M	M	A	<p>On-going monitoring of compliance with CPR's. Compliance checks to be undertaken by Corporate Procurement Unit and Internal Audit.</p> <p>The imminent rollout of the e-sourcing solution from September 2015 to service areas will ensure that CPR compliance will be strengthened.</p>	Chief Officer - Governance	→	L	L	G	Ongoing

Risks 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	Target Date
(L)	(I)	(LxI)		(L)	(I)	(LxI)			(L)	(I)	(LxI)		
<b>H</b>	<b>M</b>	<b>R</b>	<p>Identify opportunities for including Community Benefit clauses in applicable contracts.</p> <p>Inclusion of CPRs mandated in all contracts greater than £2 million. 300+ CPR awareness training undertaken.</p>	<b>L</b>	<b>L</b>	<b>G</b>	<p>Training and awareness workshops, has been undertaken for all relevant staff regarding community benefits.</p>	Chief Officer - Governance	↓	<b>L</b>	<b>L</b>	<b>G</b>	Apr 15