

**Report To:** Council

**Date of Meeting:** 23<sup>rd</sup> February 2016

**Lead Member / Officer:** Councillor Julian Thompson Hill  
Jamie Groves – Head of Finance, Assets & Housing

**Report Author:** Tom Booty – Programme Manager

**Title:** **Procurement Strategy and Contract Procedure Rules**

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### **1. What is the report about?**

This report presents the new Procurement Strategy and revised Contract Procedure Rules (CPRs) to the Council.

### **2. What is the reason for making this report?**

A decision is required to approve both the new Procurement Strategy and the revised CPR's.

### **3. What are the Recommendations?**

The recommendation are that the Council:

- Approve and adopt the Procurement Strategy
- Approve and adopt the revised CPR's

Both documents to “go live” from 1<sup>st</sup> April 2016.

### **4. Report details**

#### **The Procurement Strategy**

The new Procurement Strategy (the previous one expired in 2012) has been developed following extensive consultation (see section 8). It broadly follows the format of other Council strategy documents and is designed to be short, high-level, but deliverable. The strategy is underpinned by seven key principles that are intended to guide all our procurement activity, which includes our duties under the Wellbeing of Future Generations (Wales) Act 2015, and a requirement to ensure that due regard is made in all purchasing decisions to local economic prosperity. Full details of the seven principles can be found in the appended strategy (appendix A).

The strategy details two outcomes:

**OUTCOME 1:** Denbighshire County Council achieves value for money from the goods, services and works it procures; and we will work to achieve this outcome by:

- Considering different delivery models;
- Continually reviewing and simplifying our processes;
- Making better use of technology;
- Improving our contract management; and
- Investing in people and skills.

**OUTCOME 2:** Denbighshire County Council improves the contribution its procurement activity has on the local economy, and we will work to achieve this outcome by:

- Working proactively on local supplier development;
- Developing new approaches to how we structure our offers to the market; and
- Delivering more and better community benefits.

The strategy also details a suite of high level indicators and performance measures against these outcomes which will enable us to measure progress and the impact of our procurement activity.

### **Contract Procedure Rules**

The revised CPR's (see appendix B) are now quite different in style and content from the previous version. There is now more focus on the "audience", and trying to present the regulations in plainer language for officers undertaking procurement, and where relevant clarifying what needs to be done, by whom, and what record should be kept. The document is divided into sections to try and create a "cradle to grave" approach to procurement activity, and there is a much greater emphasis on a key area of weakness - the planning and preparation stage.

The revised CPR's also reflect:

- Changes in legislation following the Public Contracts Regulations 2015 which became law in February 2015
- Our migration to electronic procurement, getting rid of the option to continue with paper based procurement after 1 April 2016
- The new Welsh Language Standards
- Our obligations under the Well-being of Future Generations (Wales) Act 2015

One of the key changes is an up-front authorisation process, where the procurement strategy is approved prior to going to the market, rather than retrospectively based on the quotations/tenders received. The intention of this change is to:

- Encourage more thorough and rigorous planning of the procurement
- Enable better resource planning to ensure that sufficient capacity is allocated to the procurement exercise
- Place more emphasis on services to think through the requirement
- Speed up the process at the critical quotation/tender receipt stage

The approval process for this up-front authorisation, along with other procurement decisions (eg. exceptions, contract modifications, etc) have been developed with Legal Services to align with the proposed amendments to the Member scheme of delegation as follows:

- **Up to £25,000** – Manager/HoS decision
- **£25,000 to £1,000,000** – HoS, Section 151 & Monitoring Officer
- **£1,000,001 to £2,000,000** – Cabinet Member delegated decision

- **Over £2,000,000** – Cabinet decision

If approved, both the Procurement Strategy and CPR's will be produced in a better designed, bilingual format and made available on the Council's website. A range of guidance documents – for both internal officers and external suppliers – are currently being developed to sit alongside the Strategy and CPR's, and the aim is to have this suite of guidance documents available on 1 April 2016 when the Strategy and CPR's "go live". A series of training events and workshops are also being developed to ensure staff and suppliers are aware of and equipped to deal with new Council approach to procurement.

#### **5. How does the decision contribute to the Corporate Priorities?**

Both the strategy and CPR's relate to priorities within the Economic & Community Ambition Strategy and in relation to this will address the two specific pieces of work within the Corporate Plan of:

- How the council works with suppliers; and
- Community Benefits

#### **6. What will it cost and how will it affect other services?**

The main financial cost of delivering the Procurement Strategy and revised CPR's has been the 12 month appointment of the Programme Manager to lead on this work, although this cost has been contained within existing service resources. Future costs will continue to be contained within existing service resources, but a review of the current structure of the Corporate Procurement Team is currently underway to ensure a new structure is put in place that creates the structure and capacity required to deliver the strategy and CPR processes.

With regard to other services, both the Strategy and the CPR's will require them to review their existing arrangements for procurement activity, and a consideration of what may need to change to ensure they contribute to delivery of the strategy and comply with the new CPR's. The services will be supported in this by the Corporate Procurement Team and through a range of training and workshop events that are planned to support staff.

#### **7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report**

The Equality Impact Assessment on the new Procurement Strategy and revised CPR's is attached to this report. Overall, it is considered the strategy and CPR's will have a neutral impact.

#### **8. What consultations have been carried out with Scrutiny and others?**

Development of the new Procurement Strategy and revised CPR's has been led by the internal Procurement Transformation Board whose membership includes the Chair of Performance Scrutiny and the Chair of Corporate Governance Committee. They have also been subject to a comprehensive internal and external consultation process, including:

- Ongoing involvement in the development from the Federation of Small Businesses (FSB), North Wales Business Council and Business Wales;

- Presentations and reports to Corporate Governance Committee, Economic & Community Ambition Board, Senior Leadership Team (SLT), and Cabinet Briefing;
- Meeting with all political group leaders/groups;
- Regular 1-2-1 meetings with key internal stakeholders such as Legal, Finance and key services who undertake a significant amount of procurement activity; and
- A formal consultation process with internal and external stakeholders which closed on 31<sup>st</sup> December 2015.

## **9. Chief Finance Officer Statement**

The new arrangements should enhance the council's procurement processes and help ensure compliance with internal and external regulations. A robust procurement framework will help ensure value for money is achieved.

## **10. What risks are there and is there anything we can do to reduce them?**

The key risk in relation to the Procurement Strategy is ensuring that there are sufficient resources in place to enable effective delivery. To manage this a more detailed Action Plan is being developed to identify what needs to be done, by whom and by when. This will be regularly monitored by the Project Executive (Jamie Groves – Head of Finance, Assets & Housing) to ensure effective delivery.

With regards to the CPR's, the key risk will be the need to change existing custom and practice as we migrate from the existing CPR's to the new CPR's. This will be managed through a programme of internal training events to raise awareness and knowledge, and through regular meetings between the Corporate Procurement Team and Heads of Service (and their management teams) to ensure that appropriate support is put in place to support the transition.

## **11. Power to make the Decision**

Section 111, Local Government Act 1972