

Wigan Council

**Procurement and
Commissioning
Strategy 2013 - 2016**

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1. Foreword

The Council has a duty to secure best value and continuous improvement in the way that it carries out its functions, having regard to a combination of efficiency, economy and effectiveness. Effective procurement and commissioning is crucial in securing high quality, best value public services.

Best Value and efficiency targets will not be achieved if the authority fails to approach competition positively and develop a mixed economy. This will only be achieved through innovation and by taking full account of the collaborative opportunities and genuine partnerships which are available from working with others in the public, private and voluntary sectors.

The strategy also emphasises the importance of the Public Services (Social Value) Act 2012 and the continuing importance Sustainable Procurement to deliver wider social, economic and environmental objectives in ways that offer real long term benefits to the local community.

This document sets out the Council' strategic approach to procurement and commissioning and the principles contained within this strategy should be applied to all procurement and commissioning activity.

Councillor T. Halliwell, Portfolio Holder for Corporate Resources/Customer

Recent and projected Local Government Settlements continue to bring further drastic reductions in funding for local services. With this comes even greater urgency for councils to collaborate and explore every opportunity to find savings better manage demand and deliver economies of scale.

Good procurement and commissioning decisions are a fundamental component of our approach to providing high quality, value for money public services. This strategy is aligned with the Councils Corporate Strategy 2011-2016 and supports the relevant long term outcomes that will contribute the delivery of the Council's long term outcomes and vision. Consideration of this strategy is not optional and it should be read in conjunction with the Council's Contract Procedure Rules.

Paul McKeivitt, Director of Resources and Contracts (Deputy Chief Executive)

2. Background

Each year Wigan Council spends approximately £226 million with 5500 suppliers on externally commissioned and procured goods and services.

43.5% is spent within the Wigan boundaries (£98.3m)

12.8% is spent within the other AGMA boundaries (£28.9m)

15.8% is spent within the other North West boundaries (£35.7m)

27.9% is spent outside the North West boundaries (£63.1m)

We procure because the Council requires goods and services to efficiently meet the ongoing and changing needs of the people of Wigan. This means that procurement and commissioning will continue to play an important part in achieving best use of the resources we have.

Definitions:

Commissioning is where the Authority identifies the services or service outcomes (e.g. in adult social care or children's services) or the products that it needs & acquires them, making sure that they meet requirements

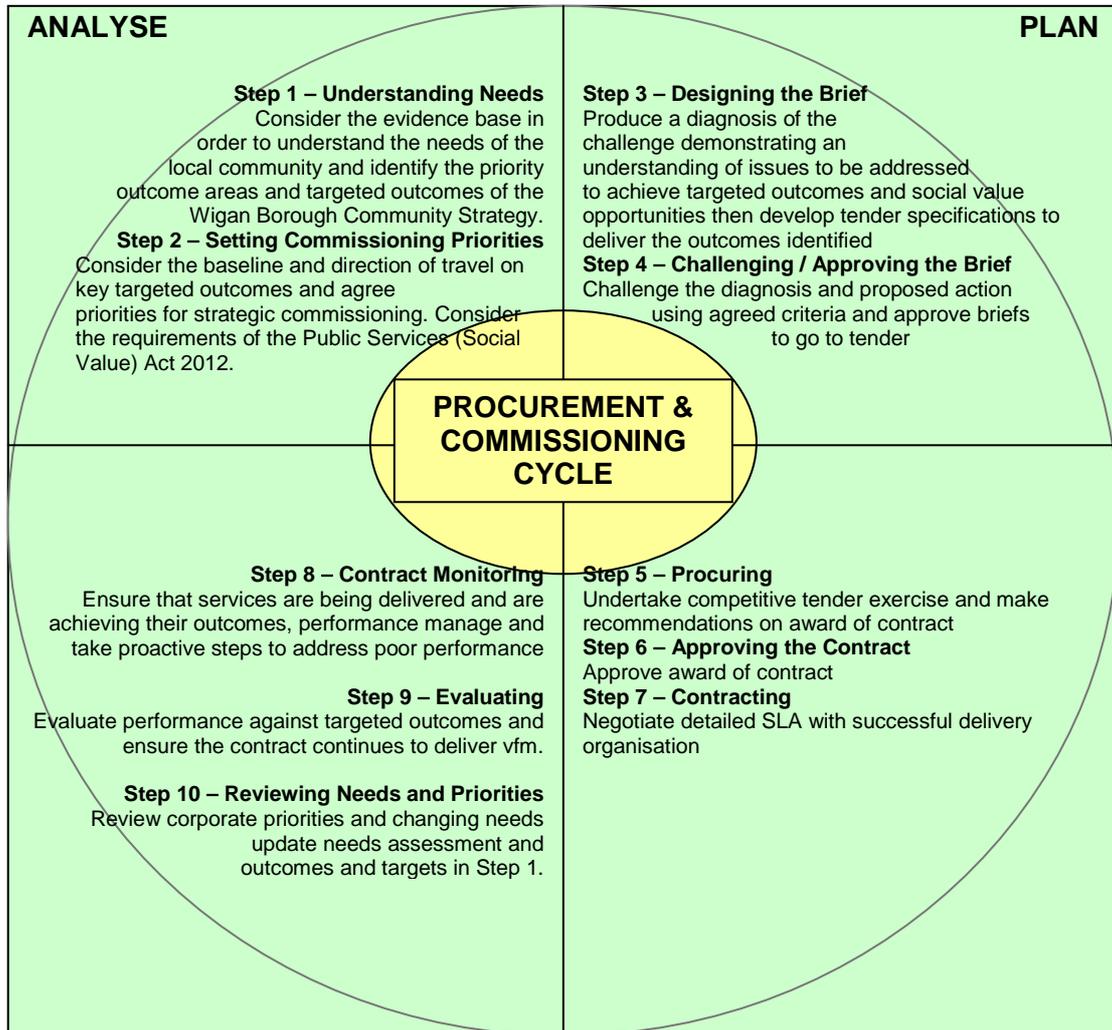
Procurement means the whole process of acquisition from third parties (including the logistical aspects) and covers goods, services and construction projects. This process spans the whole life cycle from initial concept and definition of business needs through to the end of the useful life of an asset or end of a services contract.

Value for Money (VFM) is used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it acquires and/ or provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, and resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value.

Sustainable Procurement takes account of how things are produced, ethical origin, energy usage & how they will be disposed of. Whilst respecting public procurement regulations, sustainable procurement will demonstrate high levels of environmental, economic and social value, as well as look to reducing negative environmental and social impacts.

The commissioning and procurement process is described in the diagram below,

The Procurement and Commissioning Process



This Strategy is structured around seven objectives and a series of specific actions to take us to the next level, they are aligned with the Corporate Strategy which details the key priority projects that will contribute to the delivery of our long term outcomes and vision, . The first five articulate the outcomes that will be delivered; the final two objectives specify outputs that are needed to enable the first five to happen

OBJECTIVE 1	The Council delivers value for money savings through improved procurement and commissioning	DELIVERY
OBJECTIVE 2	The Council invests its resources positively in order to support small to medium enterprises (SME's) to compete fairly and equitably for the Council's business. Where possible, the Council builds Social Value and community benefits provisions into its procurement exercises to contribute to the economic, social and environmental well being of the borough	
OBJECTIVE 3	The relationship between the Council and its providers and suppliers is excellent, including low levels of non compliance and high levels of supplier and purchaser satisfaction	
OBJECTIVE 4	Sustainability gains are delivered through procurement activity	
OBJECTIVE 5	Procurement and Commissioning have no adverse impact in terms of diversity and equality	
OBJECTIVE 6	There is a robust and comprehensive Council policy and practice framework for procurement and commissioning that meets legal requirements.	ENABLING
OBJECTIVE 7	Procurement and Commissioning resources are used effectively.	

3. Strategic Links

This Strategy document sits within a wider national and local framework of guidance for Local Authorities on procurement which includes the following publications (*click on the titles for hyperlinks to the source documents where available*).

[The National Procurement Strategy](#)

The National Procurement Strategy (2003) sets out how central and local government, working together with partners from the public, private and voluntary sectors, intend to set about improving local government procurement. The Strategy was written jointly by central and local government, involved many other partners and provides a route map of how to improve service delivery and value for money through better procurement.

There are various further editions that update and report on progress against this document.

[Council Standing Orders and Financial regulations](#)

These set out the principles, values and standard of conduct which members and officers will adhere to when entering into any procurement activity.

[Wigan's Corporate Strategy 2011 – 2016](#)

The Corporate Strategy sets our vision for the Wigan Borough. It enables Wigan Council and partners to focus our resources towards the same long-term outcomes through a Value For Money approach.

The strategy details the key priority projects that will contribute to the delivery of our long term outcomes and vision, allowing us to continually review and monitor our progress and impact. These are regularly reviewed to ensure the strategy remains relevant.

[Local Procurement – Making the most of small businesses](#)

The report published by the Federation of Small Businesses makes a series of recommendations designed to promote positive outcomes both for small businesses and for councils.

[UK Government Sustainable Procurement Action Plan](#)

The report, jointly published by DEFRA and the Treasury, aims to ensure that government supply chains and public services are increasingly low carbon, low waste and water efficient, respect biodiversity and deliver the governments wider sustainable development goals.

4. Delivery Objectives

OBJECTIVE 1 - The Council delivers **value for money** savings through improved procurement and commissioning

Improved procurement and commissioning can achieve value for money savings through (for example):

- Getting outcomes delivered more cost effectively / at a higher quality / or increased volumes for same cost by re-tendering existing services;
- Redesigning services to reduce waste or activity that is not in line with Council priority outcomes; and
- Reducing process costs within existing services e.g. reducing profit margins, efficiency incentives, working with existing and potential suppliers to reduce waste by electronic invoicing / consolidated payments etc.

The Council's **strategic position** on value for money in procurement and commissioning is therefore that :

- *We cannot assume that the current model of delivery always provides best use of resources; **Corporate Strategy 2011 – 2016 “Your council commissions all services to ensure the best use of public money; we still directly provide services where we offer the best value for money”**.*
- *We will expect a robust approach to testing alternative models of delivery as part of our Value for Money Reviews; and*
- *We will require efficiency in line with VfM principles **Corporate Strategy 2011 – 2016 “Your council can demonstrate value for money across all its services”**.*

The **measurable outcome** we expect this to bring is:

Each department will be able to clearly demonstrate the savings that have been achieved through their procurement and commissioning exercises

OBJECTIVE 2 -The Council invests its resources positively in order to support SME's to compete fairly and equitably for the Council's business. Where possible, the Council builds Social Value and community benefits provisions into its procurement exercises to contribute to the economic, social and environmental well being of the borough

By supporting communities and businesses to provide goods and services, we are able to allow the local economy to compete fairly and equitably for the Council's business, and to provide opportunities for local people. Greater use of The North West e-portal known as The Chest and simplified tender documentation appropriate to the value of the tender across the Council allows business to operate equitably and reduces the resources needed to compete for business.

This must be done in a way that will provide value for money and avoid anti-competitive decision making, but should take account of and positively reward those

businesses which engage in and deliver the strategic objectives of the Council. Working with local communities and organisations to develop their capacity to deliver new or existing services also gives us real added benefits because of their local credibility and knowledge, as well as their ability to engage local volunteers and access wider funding streams to provide services that are really appropriate to local need.

The Community Investment Fund was launched 24th June 2013 providing £2m funding to support new and innovative ideas from local community and voluntary groups to deliver the council's key agendas.

Our **strategic position** on local procurement and commissioning is that we will:

- *Enable organisations of whatever size and type to compete efficiently for goods and services wherever possible;*

Corporate Strategy 2011 – 2016 Long Term Outcome – “Solid economic growth and development is evident across the borough “.

Long Term Outcome – “Creation and preservation of local jobs, including those of higher value has increased”.

- *Make sure that the complexity of the procurement process is proportional to the scale of work on offer.*
- *Make sure the process is transparent and offers feedback to those who are unsuccessful.*

OBJECTIVE 3 - The relationship between the Council and its providers and suppliers is excellent, including low levels of non compliance and high levels of supplier and purchaser satisfaction

We depend on the quality and supply of goods and services, and need to manage the risks added by externalisation of supply. Managing the relationships involved in procurement and commissioning is a key way of controlling this risk.

In a large and diverse organisation, where procurement and commissioning are part of the way we do business, some variations in the approach to managing relationships with suppliers is inevitable and will be appropriate to the different nature of the work involved. This Strategy aims to set minimum standards for the way in which we interact with our suppliers

Our **strategic position** is that:

- *A commercial relationship does not need to be an adversarial one, and our standard is to engage positively, at an early stage with prospective suppliers, or with existing suppliers where there are issues of quality and supply; and*
- *We expect quality standards to be clear, reasonable and delivered.*

This will support the delivery of **Corporate Strategy 2011 – 2016 Long Term Outcome – “Your council is a top performing organisation, with great services that is continually striving to improve in our priority areas.”**

The **measurable outcomes** we expect this to bring are:

- Reduced bureaucracy for suppliers and the Council, as measured by numbers of invoices, £spend: invoice numbers ratio, and average purchase-to-pay times;

OBJECTIVE 4 - Sustainability gains are delivered through procurement activity

The Council endeavours wherever practical to reduce the environmental impact of procurement decisions, and to make sure that the impact on the environment is considered over the lifetime of the goods and services the Council is procuring.

Our **strategic position** on sustainability in procurement and commissioning is that:

- *The Council will embed the principles of sustainability within its procurement activities to ensure that only Value for Money products and services are selected and that in all cases a balanced consideration of social, ethical, environmental and economic impacts are undertaken throughout the procurement process whenever appropriate.*
- *The Council is committed to the responsible management of its procurement process in order to deliver value for money, whilst actively pursuing environmental and socially responsible products, services and buildings*

Corporate Strategy 2011 – 2016 Long Term Outcome –“Wigan has an environmentally sustainable future”.

The **measurable outcomes** we expect this to bring are:

- All major procurement activity is being assessed on a price, quality and sustainability basis with a minimum of 10% of the score being allocated to sustainability wherever appropriate.

OBJECTIVE 5 - Procurement and Commissioning have no adverse impact in terms of diversity and equality

As a Council, the way in which we procure and commission can have both a direct and an indirect diversity impact. It can be an opportunity to develop services with greater relevance to diverse communities, and a way of growing local community capacity. It is also an opportunity to make sure that suppliers are themselves acting in a way that promotes cohesion and avoids unfair discrimination.

Wigan has integrated diversity into procurement and commissioning:

- Integrated the requirement for diversity policies into the tendering process for potential providers;
- Used grants and commissioned services to ensure the most appropriate support to different communities; and

Our **strategic position** is quite simple:

- *We will make sure that we promote equality of opportunity and eliminate discrimination through the way in which we procure and commission, and through what we procure and commission.*

The **measurable outcomes** we expect this to bring are:

- No complaints of unfair discrimination in the development and award of contracts

5. Enabling Objectives

OBJECTIVE 6 - There is a robust and comprehensive Council **policy and practice framework** for procurement and commissioning that meets legal requirements including appropriate audit and review during and at the conclusion of the process

Our corporate framework has to be both sufficiently powerful to drive high quality across the board, and also sufficiently flexible to allow for the wide range of procurement and commissioning activity across different markets, service areas, contract size etc. It also has to ensure full compliance with local government regulations and audit standards.

However, there are some further **issues to address**:

- There is still some inconsistency of practice, which could mean that quality and value for money are compromised
- Ensure the maximum use of electronic procurement systems

The **measurable outcomes we expect this to bring are**:

- Corporate Procurement work closely with all directorates to establish a Procurement and Commissioning Group, responsible for developing operational practice and furthering the delivery of the Action Plan for this Strategy.

OBJECTIVE 7 - Procurement and Commissioning **resources** are used effectively

Corporate Procurement is a small central resource based within the Resources Directorate, involved in major corporate projects and establishing contracts for use across the Council, as well as co-ordinating, supporting and monitoring all procurement activity in the Council.

Directorate procurement and commissioning in Wigan is devolved to individual directorates, who are responsible for operational procurement following the councils procedures and guidelines. All directorates are able to call upon the corporate team and must communicate all procurement activity back to the corporate team to allow strategic management of the Councils Procurement Activity.

We **still need to address** the following issues:

- not all procurement and commissioning is done in a consistently high quality way;
- procurement and commissioning expertise is somewhat limited, and a commissioning approach is not consistent across all departments; and

- responsibilities and roles are not always clear – there are some major areas of spend which would benefit from additional challenge and greater expertise in order to realise benefits from procurement and commissioning.

The **measurable actions we expect this to bring are:**

- Corporate Procurement work closely with all departments to remove duplication and ensure a consistent approach is applied to all procurement activities ensuring value for money is achieved
- Maximise collaborative opportunities through the use of YPO and other appropriate framework opportunities as well as across AGMA

6. Action Plan

OBJECTIVE 1

The Council delivers value for money savings through improved procurement and commissioning

Action	Who	When
Regular review of: <ul style="list-style-type: none"> • Contract register • Commissioning and Procurement plans • Contract vfm reviews • Efficiency Savings plans 	The Corporate Procurement Manager	Monthly Update

OBJECTIVE 2

The Council makes positive investments which lead to local communities and businesses winning work with us

Action	Who	When
<ul style="list-style-type: none"> ▪ All procurement documentation developed by directorates will be proportionate to the size of the contract, be simplified as far as possible and will be openly advertised through The North West e-portal known as The Chest. ▪ Total spend within Wigan boundaries will be monitored on a yearly basis. 	The Corporate Procurement Manager	Quarterly review of tenders processed via The Chest. Annual review of local spend in April of each year

OBJECTIVE 3 The relationship between the Council and its providers and suppliers is excellent, including low levels of non compliance and high levels of provider satisfaction		
Action	Who	When
<ul style="list-style-type: none"> Reduced bureaucracy for suppliers and the Council, as measured by a range of KPI's e.g. numbers of invoices, electronic invoice numbers ratio, and average purchase-to-pay times. 	Strategic Finance Manager Financial Transactions and Systems	Monthly
OBJECTIVE 4 Sustainability gains are delivered through procurement activity		
Action	Who	When
<ul style="list-style-type: none"> All major procurement activity is being assessed on a price, quality and sustainability basis with a minimum of 10% of the score being allocated to sustainability wherever appropriate. 	Corporate Procurement Manager working with relevant service leads	Implemented in 2013. Annual review

OBJECTIVE 5 Procurement and Commissioning have no adverse impact in terms of diversity and equality		
Action	Who	When
<ul style="list-style-type: none"> ▪ All tenders include questions relating to diversity and equality as part of the evaluation process ▪ No complaints of unfair discrimination in the development and award of contracts 	Directorate Procurement Leads	Ongoing
OBJECTIVE 6 There is a robust and comprehensive Council policy and practice framework for procurement and commissioning including appropriate audit and review during and at the conclusion of the process		
Action	Who	When
<ul style="list-style-type: none"> ▪ Corporate Procurement work closely with all directorates to establish a Procurement and Commissioning Group chaired by the Assistant Director Legal, responsible for developing policy, operational practice and furthering the delivery of the Action Plan for this Strategy. 	The Corporate Procurement Manager and members of the Procurement and Commissioning Group.	Quarterly from October 2013.

<ul style="list-style-type: none"> ▪ Audit are represented on and work closely with the Procurement and Commissioning Group to develop and agree an audit programme for contracts, providing feedback and sharing best practice. 	<p>The Chief Internal Auditor and members of the Procurement and Commissioning Group.</p>	<p>Annually from October 2013.</p>
<p>OBJECTIVE 7 Procurement and Commissioning resources are used effectively</p>		
<p>Action</p>	<p>Who</p>	<p>When</p>
<ul style="list-style-type: none"> ▪ Corporate Procurement work closely with all departments to remove duplication and ensure a consistent approach is applied to all procurement and commissioning activities ensuring value for money is achieved ▪ Maximise collaborative opportunities through the use of YPO and other appropriate framework opportunities as well as across AGMA 	<p>The Corporate Procurement Manager and members of the Procurement and Commissioning Group.</p>	<p>Ongoing.</p>