

## Response to Request for Information

Reference      FOI 0316125  
Date            20 April 2016

### ***Procurement Procedures, Processes and Systems***

#### **Request:**

I am writing to make an open government request for all the information to which I am entitled under the Freedom of Information Act 2000.

Please send me:

- Information on any reviews carried out and any procurement procedures, processes and systems and any changes and improvements you have put in place to ensure best value is achieved for all goods and services since the launch of the National Procurement Strategy for Local Government in July 2014.  
[Procurement Strategy 2015 to 2018 – see attached.](#)  
[Wolverhampton Charter -](#)  
<http://www.wolverhampton.gov.uk/CHttpHandler.ashx?id=8942&p=0>
- Information on the effectiveness and any savings achieved as a result of the reviews carried out and changes implemented as detailed in the above bullet point, including in which specific areas and departments, the amounts saved in figures and as a percentage of overall budget, since the launch of the National Procurement Strategy for Local Government in July 2014.  
[The Council does not record savings in this way.](#)  
[Information on budgets and savings can be found at -](#)  
<http://www.wolverhampton.gov.uk/budgetsavings>
- Information on the number of full and part-time employees you have in procurement roles now, and the number of full and part-time employees that were in procurement roles on 1 July 2014.  
[1 July 2014:](#)  
[10 full time](#)  
[2 part time](#)  
  
[Now:](#)  
[15 full time](#)  
[0 part time](#)
- Information on any fraud incidents relating to council employees, council

services and services procured externally that have come to light since the launch of the National Procurement Strategy for Local Government in July 2014.

There have been two such related incidents as follows:

- Misuse of a Council Purchasing Card by an employee for personal use. This resulted in dismissal and a 6 month prison sentence suspended for 2 years.
- A scam phishing invoice was received which appeared to relate to genuine activity but was from an unrelated organisation. No payment was made.



# City of Wolverhampton Council's Procurement Strategy 2015 – 2018

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## 1

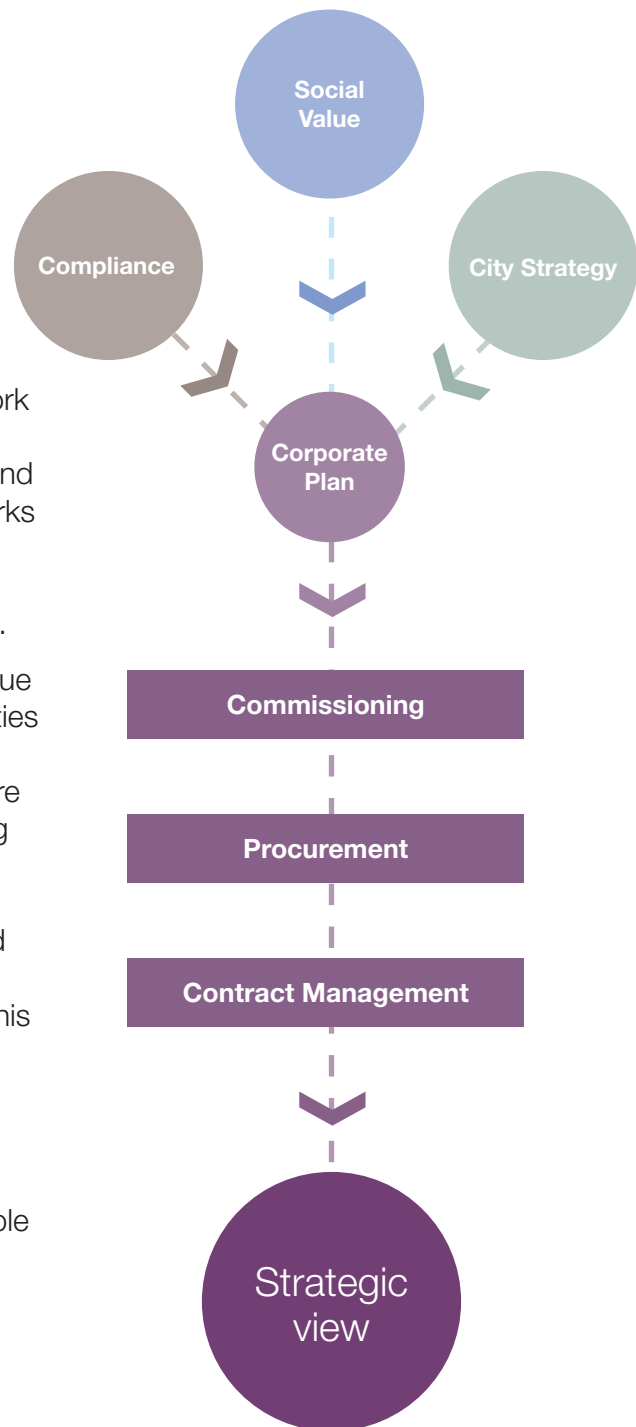
## Foreword

This strategy gives the council a framework to work within to ensure that we deliver the best possible outcomes for residents from every pound we spend with third parties. The procurement of goods, works and services has a fundamental impact on the success of any organisation and in particular the public sector with the current financial challenges.

The new Public Contracts Regulations, Social Value Act and the Care Act implement new responsibilities on the council in relation to commissioning, procurement and contract management. There are a number of priorities we need to address ranging from European and national public procurement policy and legislation, working with partners in the city, through to the needs of communities and individuals. Our local priorities are key to how we deliver additional value and this strategy will put this at the heart of our procurement work.

Our focus will be on ensuring that our spend with third parties maximises the impact of each pound on the local economy and we support the creation of opportunities for high quality sustainable employment for local people.

This strategy sets the best practice and high standards that we will work to and how we will maximise the benefits from what we spend.



This document sets out our strategic view and aims for procurement. It highlights the priority areas we will focus on over the next three years and how we will measure progress and success.

## 2

## What we will do and key principles



This strategy is based on key principles that;

- We are clear on how what we spend with third parties is allocated and how this offers value for money.
- We will ensure that our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy of;
  - Encouraging Enterprise and Business
  - Empowering People and Communities
  - Re-invigorating our city
- We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us.
- We will ensure equal treatment and transparency so that services are as inclusive as our resources will allow and will comply with the Equality Act.
- We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored.



## 3

## What is Procurement?

### The Commissioning Cycle

#### Review

- Exit Strategy
- Gather feedback
- Review strategy and market performance
- Review customer outcomes
- Review strategic outcomes

#### Analyse

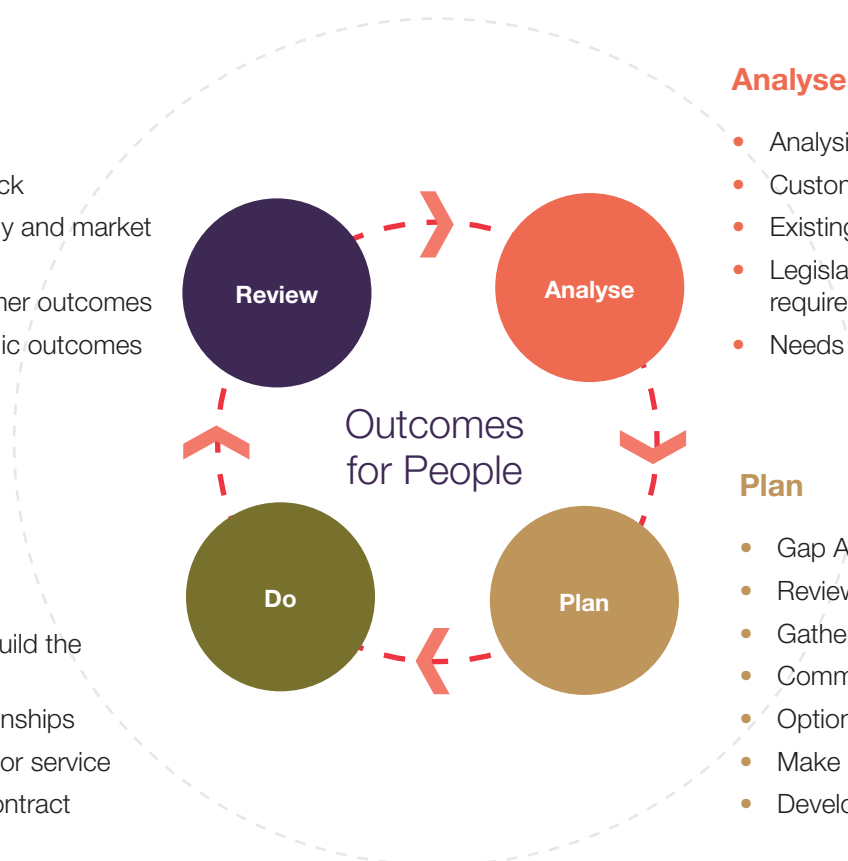
- Analysis of market
- Customer insight
- Existing service provision
- Legislation & statutory requirement
- Needs assessment

#### Plan

- Gap Analysis
- Review outcomes
- Gather feedback
- Commissioning strategy
- Options Appraisal
- Make or Buy Review
- Develop specifications

#### Do

- Manage and build the market
- Manage relationships
- Secure goods or service
- Manage the contract



Procurement is part of the Commissioning Cycle which we use to analyse, plan, procure and manage the goods, works and services from third parties.

The Procurement strategy covers the procurement and contract management parts of the Commissioning Cycle. Directorates and service teams are responsible for the commissioning strategies.

The process for commissioning, procurement and contract management is set out in the Commissioning Cycle diagram above.

## Key Definitions

**Commissioning:** Commissioning is a whole system process from researching and analysing needs of residents to developing commissioning strategies and work programmes. It entails working with suppliers and customers to develop, stimulate and redesign through co-produced specifications. This enables services to be designed and commissioned that reflect current and future needs of a population and also determines how public bodies decide to spend available resources to achieve the best possible outcomes for local people.

**Procurement:** Procurement is the process of acquiring goods, works and services from third parties. The process spans the whole life cycle from identification of needs, through to the end of a contract or the end of the useful life of an asset.

**Contract Management:** Contract management is the management of supplier relationships to ensure their compliance with contract obligations and to understand and control the financial and risk implications of any change. Contract management also includes the performance monitoring and quality assurance of the supplier.





## 4

## How we will work to the key principles

We are clear on how what we spend with third parties is allocated and how this offers value for money:

We will establish three year plans for each category of spend which will identify:

- The areas where performance needs to improve;
- Initiatives and plans that optimise the outcomes identified in the service team commissioning strategies whilst providing the most effective use of our resources and demonstrating value for money;
- Potential gaps in future service provision and where we need to build capacity and capabilities to meet forecast demand;
- Develop and implement work programmes that clearly set out milestones and timescales for each activity;
- We will consider both the design of the service and the procurement process itself to ensure we deliver value for money through the sourcing process.



## We will ensure that our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy:

The council is facing a period of intense change, with an increasing demand for services, a reduction of funding and a challenging policy environment. The council is working with public, private and voluntary sector organisations to develop a City Strategy approach to public services. We will work with organisations in identifying the use of similar resources and where we deliver similar services, we will collaborate to realise better value for money, return on investment and service outcomes.

- We will, with our City Board Partners develop a Wolverhampton Charter that organisations will be encouraged to agree to which will set out how they will contribute to making the city the very best it can be for local people;
- We will work with our public sector partners to collaborate and co-ordinate our procurement activity;
- We will engage with local suppliers, in particular Small and Medium Enterprises (SMEs), voluntary, community and social enterprise (VCSE) organisations, to keep them updated on procurement related issues such as changes in legislation, where to find opportunities and upcoming contracts;
- We will offer training on our e-tendering system and guidance on what a good tender submission should be. This will ensure that local organisations are able to compete for opportunities both within Wolverhampton, nationally and Europe;
- We will include requirements in our major contracts that the sourcing of subcontract opportunities from the local market that supports local employment is encouraged to be the first choice;
- We will develop a consistent measure of the social, economic and environmental value delivered through our spend with third parties.

## We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us:

- Through consultation and active engagement we will encourage customers and communities to be involved in the sourcing process. Where services are key to a group of customers or a community we will offer the opportunity to take part in deciding the performance priorities and in the evaluation of suppliers' proposals;
- We will provide open and easy ways that customers can provide feedback to us and we will show what we and the suppliers have done in response.

## We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored:

- We will use a Performance Management Framework approach based on outcomes to monitor the quality of services we contract for;
- Incorporate best practice and continuous improvement benchmarking to ensure value for money is being achieved;
- Ensure that risks are identified, managed and appropriately mitigated;
- Incorporate equality and diversity considerations as a key part in defining quality of services and check to ensure outcomes are met;
- Ensure positive outcomes and experiences for customers and communities.

## 5

## Procurement Vision



Competitive markets and a variety of service provision options are key to supporting value for money and choice for customers. This requires an increased focus on market development and supply chain management to ensure a sustainable mix of suppliers from all sectors.

The Procurement Vision is – To secure demonstrable value for money and maximise the benefits from spend with third parties, supporting delivery of innovative, cost effective and high quality services for the people of Wolverhampton, meeting the highest standards of legal and procurement practice and undertaking such activities in the most efficient manner possible.



### **Equal Treatment and Fairness**

Suppliers are treated in a fair and equal manner to enable them to bid on a level playing field, having access to relevant and necessary information.



### **Transparency and Openness**

Procurement processes are conducted in a way that is fair and competitive, with all relevant non-commercially sensitive information being shared openly and in a timely manner.



### **Value for Money**

Balancing the appropriate degree of quality and scope of requirements with the whole-life cost of the goods services or works, to meet customer needs at the best value possible.



### **On-going Commercial Management**

Effective contract management processes are applied across the council to ensure the effective management of commercial arrangements.



### **Partnerships and Collaboration**

The council recognises that collaboration and co-operation between local authorities and other public, private and voluntary sector organisations provides more flexible and cost effective services, and we will collaborate with external bodies to consult, share good practice, learn from experiences and develop good working relationships to enhance service provision.



### **Stakeholder Engagement**

Customers and communities are engaged in developing service delivery requirements and their views on delivery performance are taken into account and acted upon.



### **Market Engagement**

Tendering opportunities attract sufficient market interest to establish a competitive number of quality bids as a result of pre-procurement market engagement. We work with suppliers to understand local supply chains and develop subcontracting opportunities for local companies and support local employment.



### **Regulatory Compliance and Governance**

Spending public money requires high levels of probity and accountability, supported by a framework of mechanisms to ensure that standards are met. The Contract Procedure Rules provide a robust framework that governs the process for sourcing from third parties and protects the council from exposure to challenge or legal action by clearly determining the accountabilities and responsibilities of officers involved in procurement activity and by monitoring and enforcing compliance with those responsibilities.



### **Risk Management**

Contracts are written in a manner that protects the council from risk and adverse movements in inflation, legislation, or developments in technology. Contracts remain flexible enough to take into account changes in the commissioning strategy.



### **Technology & Efficiency**

Efficiency requires us to achieve the same or more with less, and technology will play a major role in achieving this. Streamlining of processes will be required, in addition to elimination of unnecessary activity and innovative approaches to structuring contracts and delivering services. The use of technology, such as e-tendering, improves the procurement process and reduces the costs of sourcing and tendering. Technology will improve access to procurement information for officers, customers and suppliers, and to support the transparency of our processes.

**1** Compliance and Risk Management

**2** Value for Money

**3** Sustainability

**4** Skills Development & Capacity Building

**5** Partnerships, Collaboration & Relationship Management

# 6

## How we will deliver

## 1. Compliance and Risk Management

European and national public procurement policy is increasing the level of transparency and requirement for competition and we need to ensure that processes and systems are in place to ensure compliance to protect the council from the risk of legal challenge.

### Objectives

- To ensure that procurement activities reflect and support the council's core values, and corporate aims and objectives;
- To ensure Contract Procedure Regulations reflect developments in procurement legislation, guidance and best practice and provide a robust framework to support the spending of council money;
- To structure contracts in a manner that protects the council from risk and adverse movements in inflation, legislation, or developments in technology;
- To ensure contracts remain flexible enough to take into account changes in policy and commissioning strategies;
- To ensure that all contracts are subjected to a proportionate degree of competition and advertising;
- To provide challenge to procurement decisions and practices across the council through a combination of Gateway, Peer and Scrutiny reviews;
- To protect the council from exposure to challenge or legal action by having clear guidance and processes for advertising, specifying and evaluating tenders;
- Clearly determining the accountabilities and responsibilities of officers involved in procurement activity and monitoring, enforcing compliance with those responsibilities.

### Outcomes

The council will have a set of processes and procedures for undertaking procurement exercises to follow, ensuring compliance with current legislation as applicable at the time reducing and mitigating the risk of a challenge.



## 2. Value for Money

Achieving value for money and being able to demonstrate it are essential as the resources we have must be used in the most effective manner to provide high quality services.

### Objectives

- To improve our market intelligence gathering, and use it to develop competitive markets from which to purchase;
- To stimulate competition in securing delivery of all externally provided services;
- To manage our contracts to deliver continuous improvement in performance and value for money throughout their lifetimes;
- To give consideration, where appropriate, to including payment by results and use of incentives and penalties for non-performance;
- To prioritise customer satisfaction and choice, and ensure contracts provide sufficient flexibility and variety to support improvements in these areas;
- To develop reporting systems to provide relevant accurate and timely management information on our spend profile with external suppliers;
- To consider the whole system cost of contracts taking into account long term financial and commissioning plans.

### Outcomes

A formal framework for Contract Management will be in place ensuring that the council demonstrates value for money and the quality of outcomes. All contract managers will regularly seek and act on customer feedback on opportunities for improvements in quality or satisfaction through changes to delivery or management arrangements. We recognise that value for money is only achieved if contracts are as inclusive as resources will allow. The council will adopt a proportionate approach to contracts and equalities issues linked to the subject matter of the contract under consideration.

### 3. Sustainability

Sustainable Procurement is a process whereby organisations meet their need for goods, services, works and utilities in a way that meets value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

#### Objectives

- To challenge the need for new goods, services, works and utilities and consider alternatives at the start of the process. Alternatives such as doing without, purchasing a reduced quantity or reusing or repairing what is existing;
- To assess goods, services, works and utilities, where relevant, on the basis of whole life costing which considers the financial costs alongside wider economic, social and environmental costs to the city;
- To have a consistent implementation of the Public Services Social Value Act and the consideration of equalities, environmental, social and economic benefits linked to the City Strategy priorities;
- To engage with voluntary, community and social enterprise organisations to encourage a wider and more diverse base of suppliers;
- To not knowingly work with suppliers whose activities do not comply with the conventions of the International Labour Organisation, or who support, encourage or facilitate trade in illegal drugs or slavery;
- To specify products that do not have a harmful impact such as sustainable timber and prohibiting those tested on animals;
- To specify products that minimise the use of energy, water and raw materials in their production, transportation and operation;
- To specify products that minimise the creation of pollution, including air and water pollution and the production of carbon emissions and other greenhouse gases, in their production, transportation and operation;
- To use renewable energy, recycled materials or materials;
- To ensure that the organisations we contract with have good employment practice and develop a healthy, engaged and diverse workforce.

#### Outcomes

Procurement activity will include whole life costing and broader equalities, economic, social and environmental factors in assessment criteria for tenders to ensure that the council achieves best value for the city and its residents. The council will work with suppliers to promote equality and corporate social responsibility in their own operations and throughout the supply chain through their recruitment policies; their dealings with employees, suppliers and contractors; and by their environmental policies.

## 4. Skills Development & Capacity Building

Improvement in procurement activity requires the development of staff to deliver a new approach. The skills required include procurement, contract law knowledge, project management, performance management, change management, contract and relationship management.

### Objectives

- To define the various roles and responsibilities associated with procurement and contract management;
- By workforce planning we aim to provide trained staff with expert or specialist skills and knowledge;
- For lower value contracts develop processes for service teams to facilitate procurement;
- To develop skills and provide support to officers involved in procurement and contract management across the council;
- To implement a programme of contract management training;
- To attract, retain and motivate high-quality, skilled procurement and commercial professionals and create on-going opportunities for development.

### Outcomes

We will maintain a procurement team that contains the necessary skills and expertise to effectively manage the council's third party spend and continue to develop expert procurement and contract management capabilities.

## 5. Partnerships, Collaboration & Relationship Management

The council recognises that the Government has encouraged links between local authorities and other public, private and voluntary sectors as a way of providing more flexible and cost effective services, and we will seek to collaborate with external bodies, share best practice, learn from experiences and develop good working relationships to enhance service provision. The council is also fully committed to involving residents and customers in developing service delivery and consult more frequently on satisfaction, to involve suppliers in designing service delivery, and to work with other public organisations to provide users with a joined up service.

### Objectives

- We will continue to develop and build on the links we have with other public sector bodies, particularly those within Wolverhampton and the Black Country sub-region;
- To increase the pre-procurement engagement we undertake with stakeholders;
- To create tendering opportunities that attract sufficient market interest to establish a competitive number of quality bids;
- To work with contractors and suppliers to deliver demonstrable continuous improvement in delivery of works, services or supplies contracts;
- To work with suppliers to secure efficiencies within supply chains and develop subcontracting opportunities for local organisations.

### Outcomes

We will have a co-ordinated approach with other public sector partners in Wolverhampton and the Black Country sub-region that makes it simple for organisations to find and tender for opportunities. We have an understanding of the markets from which we buy and understand the factors which affect them. We work with first tier suppliers so that subcontract opportunities are available to local organisations.



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