

# **The Vale of Glamorgan Council**

## **Cabinet Meeting: 22 February, 2016**

### **Report of the Leader**

#### **Electronic Procurement**

##### **Purpose of the Report**

1. To update Cabinet on the progress being made to develop electronic procurement practices within the Council.
2. To seek approval to enter into a Memorandum of Understanding with Value Wales for the introduction of the ProcServe electronic procurement system.

##### **Recommendations**

1. That Cabinet approve the proposal to implement the ProcServe electronic procurement system.
2. That Cabinet delegates authority to the Head of Finance in consultation with the Leader and Managing Director, to enter into a Memorandum of Understanding with Value Wales for the provision and implementation of the ProcServe electronic procurement system and for the Head of Legal Services to execute the same.

##### **Reasons for the Recommendations**

1. To provide Cabinet with the progress being made to introduce electronic procurement practices across the Council
2. To enable the Council to use the ProcServe electronic procurement system and to access the support that is provided by Value Wales.

##### **Background**

3. In 2014, the Welsh Government commissioned KPMG to undertake reviews (“Fitness Checks”) of the procurement functions within public sector organisations in Wales. The fitness checks identified areas of good practice in addition to providing a series of recommendations for development. One opportunity for development was in the further use of electronic procurement processes and practices.
4. Electronic procurement refers to the use of electronic communications when buying supplies and services or tendering public works. The Council already has some experience in this area.

5. The Oracle iProcurement module which forms a part of the corporate Electronic Resource Planning (ERP) system supports electronic purchase orders and product catalogues.
6. The Council has also successfully used Electronic Auctions in the past to secure efficiencies on the contract for mobile telephones.
7. The Council also utilises Purchasing Cards which can be used to procure goods and services online.
8. The Council has recently entered into another Memorandum of Understanding with Value Wales for the provision and implementation of the e-Bravo electronic procurement system and is currently in the process of developing this. A number of transport routes have recently been tendered and successfully awarded using this system with further trials to follow within Transport and Social Services. Once implemented, this system will give the Council access to e-Auctions and e-Contract Management. As with the eBravo system, this will also be funded by the Welsh Government until 31st December 2019.
9. The Welsh Government has published a series of procurement principles which the Council has committed to work towards. One of these principles is that procurement processes should be open and transparent and therefore based on standard approaches and use of common systems that appropriately minimise complexity, cost timescales and requirements for suppliers, including making best use of available procurement tools. Electronic procurement contributes to achieving this principle.
10. The European Commission has also committed a statutory requirement for public sector organisations to use electronic procurement by mid-2016.

### **Relevant Issues and Options**

11. Value Wales is the division of the Welsh Government responsible for shaping procurement policy, monitoring procurement practice, supporting and advising procurement professionals and developing the procurement profession while ensuring compliance with EU regulations.
12. Value Wales aims to assist the Welsh public sector to realise improved value for money through “smarter procurement” by increasing savings through collaboration and improving process efficiency especially through the use of technology that seeks to protect the economy by encouraging smaller local suppliers via training and support packages. One of the ways in which Value Wales seeks to achieve this is via the rollout to public sector bodies of the ProcServe electronic procurement system.
13. The ProcServe electronic procurement system is an electronic trading tool that will streamline and simplify access to all available National Procurement Service (NPS) Framework Agreement catalogues and contracts.
14. The Authority proposes to work towards the implementation of the above in conjunction with the on-going implementation and development of the e-Bravo system, as part of a revised procurement strategy in order to improve current procurement practice, to build upon the existing supply base and achieve better value purchasing contracts.
15. The Authority proposes to develop a roll out plan across all departments which will include relevant training in a stepped approach to minimise risk and manage change effectively.

16. Value Wales has agreed to assist the Council with the implementation of the ProcServe e-Procurement system. This includes development, support, initiation, post implantation review and appropriate transfer of skills to Council employees to ensure that the technology is sustainable. In return, the Council would agree to commit staff resource towards the implementation, rollout and post implementation of the project, with the intention of driving forward electronic procurement within the organisation. The requirements of both organisations are set out in the Memorandum of Understanding.

### **Resource Implications (Financial and Employment)**

17. The support provided by Value Wales to implement the ProcServ e-Procurement system will be provided at no cost to the Council.
18. All software, implementation, training and support will be funded by Welsh Government until 2019.
19. Value Wales will provide the initial training to the Council during the implementation phase whilst on-going training post implementation would be the responsibility of the Council.
20. The Council intends to resource the implementation and local maintenance of the system from internal resources within ICT and Exchequer. A full corporate rollout of this system would commence after a successful evaluation of the initial trials.
21. To achieve a successful implementation the estimated cost to the Council will be borne by the ICT budget utilising the skills of the Oracle DBA officers. Should there be an unforeseen shortage of staff, the consultancy cost is estimated to be £8,000. Following the integration of the system an ICT Penetration Test will be scheduled before going 'live' to ensure security and minimise risk. This is estimated to be £2,000. This will be funded from the Computer Renewal Fund.
22. Implementation of electronic trading will assist with the achievement of savings required and identified by the Council's medium term financial plan, while streamlining and standardising procurement processes across the Authority.

### **Sustainability and Climate Change Implications**

23. Implementation of electronic procurement will assist to reduce the Council's carbon footprint through a reduced need for printed documentation which leads to a physical reduction in paper and printer usage along with a reduction in physical post.

### **Legal Implications (to Include Human Rights Implications)**

24. A Memorandum of Understanding will form the basis of the relationship between Value Wales and the Council for this project. This is a formal statement of intent from both parties to constructively engage and develop this project.

### **Crime and Disorder Implications**

25. There are no specific crime and disorder implications associated with this report.

### **Equal Opportunities Implications (to include Welsh Language issues)**

26. There are no specific equality implications associated with this report.

## **Corporate/Service Objectives**

27. Effective procurement will enable services to better manage their resources more efficiently.

## **Policy Framework and Budget**

28. This is a matter for Executive decision.

## **Consultation (including Ward Member Consultation)**

29. No specific consultation has been necessary with Elected Members.

## **Relevant Scrutiny Committee**

30. Corporate Resources

## **Background Papers**

Memorandum of Understanding (MOU)

## **Contact Officer**

Carys Lord  
Head of Finance

## **Officers Consulted**

Head of Strategic ICT  
Senior ICT Officer  
Operational Manager Accountancy  
Principal Lawyer

## **Responsible Officer:**

Rob Thomas  
Managing Director