



## **Procurement Policy and Strategy 2018**

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# 1 Procurement Policy

The Vale of Glamorgan Council's ("the Council") Procurement Policy promotes effective and sustainable procurement throughout the Council. Good procurement is critical to obtaining real improvements in service cost and quality. It gives us the ability to manage resources to best effect and to apply them where they are needed.

It is therefore our policy to:

- i. ensure that our procurement practices are transparent and comply with our Constitution, our financial regulations and legislative requirements. There will always be accountability and a clear separation of duties;
- ii. undertake due diligence in all procurement matters. We recognise the need to operate to a high standard of care in all transactions;
- iii. require all staff involved in procurement to work in accordance with our Procurement Strategy, Financial and Contract Procedure Rules and Procurement Code of Practice;
- iv. foster a professional procurement attitude. Procurement will be undertaken to the highest ethical standards, promoting equality and fair treatment whilst using a level of commercial expertise commensurate with the principles of cost avoidance, cost containment and cost reduction;
- v. develop a robust procurement infrastructure that makes best use of modern technology and resources;
- vi. collaborate with others to maximise procurement leverage and widen the scope for innovative service delivery;
- vii. base procurement upon the principles of best value and on measurable and effective outcomes;
- viii. at all times seek to identify opportunities for service improvement, looking for value for money and promoting competition; and
- ix. stimulate the local economy and promote the attainment of social and environmental benefits through the procurement process.

# 2 Procurement Strategy

- i. Welsh Government's Procurement definition is:

“the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves 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”.

- ii. However it is more than just buying things. It involves the entire supply chain, from determination of need to final acceptance, payment and contract management.
- iii. The Council spends a large proportion of its resources on procurement. We have a duty to undertake good governance, delivering services to clear standards of cost and quality and by the most economic, efficient and effective means possible.
- iv. In 2015, Welsh Government published a Welsh Procurement Policy Statement setting out the Principles of Welsh Public Procurement Policy

<http://gov.wales/docs/prp/toolkit/june15walesprocurementpolicystatement2015v1.pdf>

The policy establishes 10 principles.

- **Strategic.** Procurement should be recognised and managed as a strategic corporate function that organises and understands expenditure; influencing early planning and service design and involved in decision making to support delivery of overarching objectives.
- **Professionally resourced.** Procurement expenditure should be subject to an appropriate level of professional involvement and influence, adopting the initial benchmark of a minimum of one procurement professional per £10m of expenditure across the wider public sector.
- **Economic, Social and Environmental Impact.** Value for Money should be considered as the optimum combination of whole-of-life costs in terms of not only generating efficiency savings and good quality outcomes for the organisation, but also benefit to society, the economy, and the environment, both now and in the future.
- **Community Benefits.** Delivery of social, economic and environmental benefit through effective application of Community Benefits policy must be an integral consideration in procurement.
- **Open, accessible competition.** Public bodies should adopt risk based, proportionate approaches to procurement to ensure that contract opportunities are open to all and smaller, local suppliers are not precluded from winning contracts individually, as consortia, or through roles within the supply chain.
- **Simplified Standard Processes.** Procurement processes should be open and transparent and based on standard approaches and use of common systems that appropriately minimise complexity, cost, timescales and requirements for suppliers.
- **Collaboration.** Areas of common expenditure should be addressed collectively using standardised approaches and specifications managed by the

National Procurement Service (“NPS”) to reduce duplication, to get the best response from the market, to embed the principles of this Policy Statement for the benefit of Wales; and to share resources and expertise.

- **Supplier Engagement and Innovation.** Dialogue with suppliers should be improved to help get the best response from the market place, to inform and educate suppliers, and to deliver optimum value for money.
- **Policy Development and Implementation.** Deployment of policy which supports the achievement of the seven well-being goals for Wales as set out in the Well-being of Future Generations (Wales) Act (2015).
- **Measurement and Impact.** In accordance with good management practice, procurement performance and outcomes should be monitored to support continuous improvement, and examples of good and poor practice openly shared.

The Council acknowledges and supports all ten principles.

- v. We recognise that we operate in an ever changing procurement landscape that is led by an agenda for improvement. New technology, changing demographics, increasing awareness of sustainability issues, legislative changes and the drive for efficiency (a necessity at a time of increasing fiscal pressure) are all transforming the world of public procurement at a rapid pace. These changes create challenges to which we must respond; they also offer opportunities from which we can benefit.
- vi. This Procurement Strategy aims to ensure that procurement planning supports the Council’s objectives. It secures commitment to effective procurement from members and officers at all levels and provides a corporate focus in the coordination of procurement activity. It maps out the way forward on reforming and improving our procurement function. It guides us in:
  - smarter procurement that is a significant contributor to our efficiency targets;
  - collaboration with partners and across as well as within sectors;
  - sustainability, including it at the heart of our procurement processes; and
  - use of new technology and improved procurement tools and techniques.
- vii. It recognises the importance of effective procurement in achieving our corporate priorities. It establishes the framework in which all procurement within the Council will be conducted. It is the means by which our Procurement Policy will be achieved.

### 3 Visions, aims and objectives

- i. Welsh Government’s vision is for improving public services in Wales, based on:

- putting the customer centre stage;
  - working together as the Welsh public service;
  - making the best of resources; and
  - engaging with the workforce.
- ii. The Well-being of Future Generations (Wales) Act 2015 (“the Act”)<sup>1</sup> aims to improve the social, economic, environmental and cultural well-being of Wales. It requires the Council to “act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”.
- iii. The Act also introduces five ways of working which need to be embedded in how organisations work if they are to successfully promote sustainable development. The five ways of working are:
- looking to the long term;
  - taking an integrated approach;
  - involving people;
  - working in a collaborative way; and
  - understanding the root causes of issues and preventing them.
- iv. These ways of working are evident throughout this Policy and Strategy, which forms part of the Council’s approach to integrated planning, ensuring that we are maximising our contribution to the Act’s seven national well-being goals. The seven goals are:
- a globally responsible Wales;
  - a prosperous Wales;
  - a resilient Wales;
  - a healthier Wales;
  - a more equal Wales;
  - a Wales of cohesive communities; and
  - a Wales of vibrant culture and thriving Welsh language.
- v. The Council’s Corporate Plan<sup>2</sup> (“the Plan”) sets out our vision for the Vale as a place of “Strong Communities with a Bright Future” and shows how we contribute to the Act.
- vi. We have four Well-being outcomes which we want to deliver for our citizens. Each outcome has two objectives and a series of actions that we will take to deliver the outcome. This Policy and Strategy will support the delivery of these outcomes, which are:
- an Inclusive and Safe Vale;
  - an Environmentally Responsible and Prosperous Vale;
  - an Aspirational and Culturally Vibrant Vale; and
  - an Active and Healthy Vale.

<sup>1</sup> [Future Generations Act – Future Generations Commissioner for Wales](#)

<sup>2</sup> <http://www.valeofglamorgan.gov.uk/Documents/Our%20Council/Achieving%20our%20vision/Corporate-Plan-2016-20-Final-English.PDF>

The objectives are:

- Reducing poverty and social exclusion.
  - Providing decent homes and safe communities.
  - Promoting regeneration, economic growth and employment.
  - Promoting sustainable development and protecting our environment.
  - Raising overall standards of achievement.
  - Valuing culture and diversity.
  - Encouraging and promoting active and healthy lifestyles.
  - Safeguarding those who are vulnerable and promoting independent living.
- vii. The Plan details the activities the Council will undertake to ensure the best possible outcome for our citizens and communities and how we will work with partners and the local community to deliver these outcomes and our eight well-being objectives. It has been developed alongside the Council's Medium Term Financial Plan and takes account of likely future funding and a wide range of information regarding the needs of the local population and demand for services.
- viii. The Procurement Strategy describes how procurement will support these. It shows that the Council will establish good governance of the procurement function. We will work with others who share and can contribute to our corporate values. We will make the best use of information technology and gain constructive information about how we operate. We will work with the market to improve upon how we operate, and we will ensure value for money across all services by operating in a cost effective and efficient way.

## 4 Context

The Council has a corporate Procurement Unit located within Financial Services (Managing Director and Resources). The primary procurement function is devolved to Directorates who are responsible for their budget spend. The Procurement Unit gives professional and technical advice to Directorates.

## 5 Strategic Priorities

### 5.1 The Procurement Function

The Council recognises the strategic importance of procurement. It is a core competency that affects all aspects of the Council. In recognition of this, the Procurement Strategy promotes application of the logic and principles advocated by Welsh Government's stated Principles of Welsh Public Procurement Policy<sup>3</sup> and aims to establish a mechanism and culture within which innovative and value added procurement takes place.

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<sup>3</sup> <http://gov.wales/topics/improvingservices/bettervfm/publications/procurement-policy-statement/?lang=en>

## 5.2 Governance

- i. This Strategy is owned by members and senior management. They provide leadership, a commitment to the setting of rigorous quality standards and the establishment of a robust and effective procurement environment. They play a pivotal role in aligning procurement decisions with our corporate objectives and in monitoring procurement performance. The Council oversees the procurement function, ensuring scrutiny of procurement processes and monitoring the outcomes from key purchasing decisions.
- ii. Senior managers will promote the Council's Procurement Policy and Strategy and sponsor procurement initiatives. They play a strategic role in ensuring adherence to Financial and Contract Procedure Rules and the Procurement Code of Practice thereby working towards achieving the Corporate Plan.

## 5.3 Corporate Procurement

The Procurement Unit will:

- i. lead in improving procurement standards. Contract and management information will be supplied to the Unit to enable oversight of devolved buying and act as an internal source of procurement expertise. All procurement over a specified threshold will be routed via the Procurement Unit and no such purchases will be made without prior contact with this team;
- ii. review procurement activities and take a leading role in the provision of corporate contracts and those purchases of particular strategic or commercial importance; and
- iii. be responsible for raising procurement awareness of key issues and obligations, including sustainability and equality. The Unit will advise on value thresholds, give guidance on regulatory and policy issues, promote good practice and act as a useful adjunct to Council Financial and Contract Procedure Rules and Procurement Code of Practice. Standard procurement documents will be produced to provide structure and consistency in the Council's approach to the market.

## 5.4 Training

- i. The Council recognises the importance of properly trained staff. Targeted at relevant staff and with an emphasis on commercial acumen, we will develop a training programme that builds capability and provides staff with the necessary skills to procure effectively. The Procurement Unit will keep those involved in procurement apprised of new developments and support them to procure in an innovative and proactive manner.
- ii. Staff will be taught to use procurement as a tool to improve upon the quality of services and to evaluate costs on the total cost of provision. They will learn to manage expenditure more effectively by considering the longer term, corporate impact of their purchase.

## 5.5 Collaboration

- i. There is no universal procurement method that covers all service requirements. Procurement takes place in a dynamic environment and the Council aims to keep up to date with latest developments and techniques. We are committed to exploring new and innovative ways of providing Council services and will appraise options that could be more effective than traditional procurement methods.
- ii. One of the most significant opportunities that exists is collaboration within and across sectors. This method of working enables better use of scarce procurement resources and skills, aggregation of spend to create greater purchasing power, a more adept and less complex link with suppliers and spread of best practice, including the sharing of market intelligence. Properly researched collaborative procurement can maximise purchasing power and offer significant cost and efficiency savings. The Council will work with others and through consortia to share resources and maximise our purchasing power to achieve savings. The Council may join with other Councils where appropriate to gain economies of scale and associated benefits. The Council will make use of local and national frameworks and foster Council wide awareness of collaborative arrangements, ensuring that we make best use of them where there is a palpable benefit. The Council will also review our relationships with consortia to set rules governing performance standards and to ensure that we are receiving optimum benefit.
- iii. The Council aims to strengthen links with others and explore further economies of scale, innovation and best practice. Partnership arrangements will be encouraged where they are more likely to ensure delivery of the best and continuously improving services than traditional procurement methods.
- iv. The Vale Public Services Board's<sup>4</sup> ("PSB") Well-being Plan "Our Vale – Our Future" includes a commitment to "explore how procurement policies and practice can support the local economy and protect the local environment". The Council will work with PSB partners to deliver on this commitment.

## 5.6 Electronic Business

- i. The goal is to embrace modern technology and use it to improve our services and achieve our corporate goals. E-procurement is more than just automating the purchase order and invoice payment process. It is about making the best use of technology to improve the effectiveness of the entire supply chain.
- ii. Successful e-procurement measures can provide demonstrable business benefits. By standardising, simplifying and speeding up operational processes the Council can generate real, cashable savings that ease budgetary pressures. We can reduce the inherent resource cost of traditional procurement processes and assist in spreading best procurement practice.

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<sup>4</sup> [http://www.valeofglamorgan.gov.uk/en/our\\_council/Public-services-board/Public-Services-Board.aspx](http://www.valeofglamorgan.gov.uk/en/our_council/Public-services-board/Public-Services-Board.aspx)

- iii. The Council is implementing an e-Procurement process that provides an effective infrastructure to track and manage procurement activity. It will manage both low value, high volume purchases and high value, strategic purchases more efficiently and effectively whilst maintaining the necessary managerial controls. It will allow for analysis of spend by identifying how much is spent on goods, services and works, with whom money is spent, who in the Council spends money and contractual arrangements. It will allow for identification of new opportunities for corporate arrangements and collaboration.
- iv. The Council will continue to develop e-Procurement processes and where appropriate, use e-catalogues, purchasing cards and electronic notices to gain maximum commercial benefit.

## 5.7 Markets

Procurement takes place in a dynamic environment and the Council aims to keep up to date with latest developments and techniques. Understanding the markets in which we operate is an essential prerequisite of good procurement. It helps us to purchase the most appropriate solutions for our needs in the most cost effective manner. It also gives us the opportunity to include promotion of our core values and associated strategies.

## 5.8 Small Businesses

- i. The Council recognises a small to medium-sized enterprise (“SME”) as a non subsidiary business that meets two of the following criteria:
  - annual turnover of less than £25m;
  - gross assets of less than £12.5m; or
  - less than 250 employees.
- ii. Economic regeneration is a core tenet of our Corporate Plan and supporting local business is an important element of that. The Council believes that SMEs working within their own communities generate employment and wealth that is more likely to be retained locally.
- iii. We have therefore adopted Welsh Government’s “Opening Doors: The Charter for SME Friendly Procurement”<sup>5</sup> which sets out a minimum level of good practice for public sector bodies and SMEs.
- iv. The Council will not assume that larger suppliers always offer better value for money. Where appropriate and within legislative parameters, the Council will package contracts in a flexible manner that encourages local businesses and SMEs to bid for work. We will keep our tendering process as simple as possible to minimise costs for potential bidders.

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<sup>5</sup> Opening Doors: The Charter for SME Friendly Procurement 2006

- v. We will also make full use of the national procurement website [www.sell2wales.gov.wales](http://www.sell2wales.gov.wales) . Where there is no existing framework, we will advertise our procurement requirements on sell2wales and encourage local SMEs who make contact or who view the Business Support sections of our own website, to register on sell2wales.

## 5.9 Community Benefits

- i. Procurement policy can help to address and balance economic, social and environmental issues and impacts. The inclusion of Community Benefits as a contractual requirement can deliver a wider, social benefit in addition to the core purpose of the contract.
- ii. The Council, when developing contract specifications, will consider if a community benefit clause can be included. Such clauses can include targeted recruitment and training, small business and social enterprise development and waste minimisation. Our aim is to choose a supplier under a tendering process who goes beyond the basic contract terms and secures wider benefits and improvement to the lives of Vale of Glamorgan residents and the environment.

## 5.10 Ethics

- i. In addition to legislative requirements, the Council regards ethical and responsible procurement as an economic and reputational imperative. We will use our best endeavours to enshrine an ethical standard into our procurement processes. We are committed to ensuring a high standard of ethical trade practices across our procurement activities and therefore expect our suppliers to observe these requirements and to demonstrate a similar commitment in their own businesses.
- ii. The Council will consider relevant social issues at the design stage of purchasing and consider a supplier's track history in human rights and discrimination legislation. Additionally, ethical procurement will support the Council in maintaining its status as a Fairtrade county.
- iii. The Council recognises that modern slavery is a serious crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. The Council has zero tolerance for slavery and human trafficking. We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We will therefore use our best endeavours to:
  - identify and assess potential risk areas in our supply chains;
  - mitigate the risk of slavery and human trafficking occurring in our supply chains;
  - monitor potential risk areas in our supply chains; and
  - protect whistle blowers.
- iv. The Council acknowledges its duty to notify the Secretary of State of suspected victims of slavery or human trafficking, as introduced by section 52

of the Modern Slavery Act 2015. We also commit to working to ensure that our supply chains are free from slavery and human trafficking.

- v. All potential suppliers will be questioned at pre-qualification stage about compliance with section 54 of the Modern Slavery Act 2015, and required to demonstrate due diligence and intellectual rigour to prevent slavery within their own supply chains. The Council will not contract with any organisation that breaches the Modern Slavery Act 2015.

## 5.11 Equality

- i. Public bodies have a duty to serve the entire community in which they are located. The Council recognises the Equality Act 2010, the Public Service Equality Duty and the specific duties for Wales; all provide the legal framework for managing equality in procurement and securing positive outcomes that promote equal opportunity and fairness within the Council's services.
- ii. When undertaking procurement, the Council will adhere to three duties that require it to:
  - eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act;
  - advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
  - foster good relations between people who share a protected characteristic and those who do not.
- iii. When undertaking procurement regulated by the Public Service Directive 2004/18/EC, the Council will have due regard to:
  - whether it would be appropriate for the award criteria for that contract to include considerations to help meet the general duty; and
  - whether it would be appropriate to stipulate conditions relating to the performance of the contract to help meet the three aims of the general duty.
- iv. The Council is committed to equality of opportunity for all in service delivery and the way in which it operates as an organisation. When undertaking any procurement, it will give due consideration to its corporate policies, such as the Equality Policy, the Strategic Equality Plan and the Welsh Language Standards Action Plan. These policies and plans help to make employment and services more accessible and the Council expects organisations with whom it conducts business to support these policies and plans.
- v. The Council will work, where possible, with Equality champions to aim to embed best practice in its own procurement processes and those of its supply chain for the seven protected characteristics of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity
- vi. We will also assess the impact of our activities and consider what action, within legislative parameters, we can take to promote equality in procurement through using supported businesses. Public procurement legislation permits public bodies to use procurement to actively champion supported businesses and sheltered workshops and work programmes. In a supported business, over 50% of employees are registered disabled. Supported businesses are an important part of the drive to help disabled people integrate into the workplace, increasing independence, and promoting health and wellbeing. When

undertaking procurement, therefore, the Council will consider opportunities to use supported businesses. Where contracts are too large or complex to be performed by a supported business alone, the Council will advise potential bidders of its aims to encourage such businesses and prompt them to use a supported business as a subcontractor or partner.

## **5.12 The Welsh Language**

- i. The Council promotes the use of the Welsh language to meet our duties under the Welsh Language Act 1993 and the Welsh Language (Wales) Measure 2011.
- ii. We aim to publish national advertisements placed on the sell2wales site in Welsh as well as English, and the Council will continue to use both English and Welsh medium in its interaction with its customers and its contractors in accordance with current legislation.

## **5.13 Sustainability**

- i. Sustainability is about more than environmental issues. It is about developing ways to balance social progress that recognises everyone's needs. It is about effective protection of the environment, prudent use of natural resources and maintaining high and stable levels of economic growth. It is about using best endeavours to enshrine an ethical standard into the Council's procurement processes. It is about promoting economic, environmental, cultural and social well-being as detailed throughout this Policy and Strategy and thinking about how the actions and decisions we take today will affect future generations.
- ii. Public procurement can be used as a lever to achieve our well-being objectives. By embedding sustainability into the procurement process the Council will take a lead in sustainable development. Procurement decisions will ensure that regardless of what is bought, the local environment can be safeguarded and also avoid adverse environmental impacts in the supply chain. When purchasing, the Council will make more efficient use of public resources. The Council will strive to meet the challenge of safeguarding and improving both the environment and quality of life without compromising economic growth whilst recognising the potential conflicting tensions that each may have.
- iii. Sustainability implications will be considered for all Council procurement. Officers will ensure that suppliers take full account of sustainability issues when providing the Council with goods, services and works. The Council will determine Best Value as the optimum combination of whole life costs and benefits to meet specified requirements. When considering expensive power consuming goods a lifetime cost analysis will also be undertaken in accordance with the Council's stance on carbon management.
- iv. Our procurement decisions will take a range of issues into account, ranging from opportunities to support small businesses to equal opportunities, modern slavery and the local economy.

- v. We recognise the importance of minimising waste as another key consideration, e.g. the use of single use plastics. We will be mindful of the impact of our decisions on the environment which is one of our greatest assets, and recognise that our Procurement Policy and Strategy can be a significant driver in ensuring we are an environmentally responsible organisation.

## 5.14 Efficiency

- i. Underpinning everything the Council does is the need to be efficient. If we want to continue to deliver good quality services and to improve upon what is done, then efficiency has to be at the heart of procurement activity.
- ii. The Council demands that there is a corporate approach to buying achieved by better procurement. This must reduce the cost of goods and services through better procurement to help achieve a significant reduction in revenue costs to support the Council's corporate efficiency target based on our own funding requirements.
- iii. All procurement activity will therefore be mindful of the requirement to make tangible efficiency savings. As a minimum, the Council aims to pay less for the same and to pay the same for more. The requirement to improve and to achieve efficiency savings is an integral part of procurement activity.

## 6 Performance Measures

- i. The Council needs to measure the outcomes of procurement activity to identify areas for improvement, particularly relating to cashable savings and improved quality of services. Performance measurement ensures that procurement contributes to the fulfilment of national and corporate objectives, helps better planning and utilisation of scarce resources and demonstrates value for money. Measuring the contribution and effectiveness of the Procurement Strategy will ensure that the Strategy is followed, checked and built upon.
- ii. Contract Management is critical to the cycle of procurement, and the Council will:

1	Analyse	Identify existing resources and the need for procurement
2	Plan	Identify the appropriate procurement route
3	Do	Evaluate and award a Contract
4	Review	Manage a Contract and plan for Contract exit

## 7 Monitoring

Compliance with the Council's Procurement Policy and Strategy will be monitored in a number of ways. We will:

- map procurement activity;
- collect management information detailing with whom the Council spends its money and on what;
- evaluate use of collaborative agreements;
- keep a record of savings that are achieved;
- establish a training programme aimed at those staff who undertake procurement;
- produce and keep updated the Procurement Code of Practice (“PCOP”);
- extend the introduction of i-Procurement and e-Procurement; and
- extend the use of the corporate purchasing card (P-card).