



## **Local Government and Public Services Committee**

### **LGPS(2)-08-06(p4a)**

**Meeting date: Wednesday 17<sup>th</sup> May, 2006**

**Venue: Committee Room 2, Senedd, National Assembly for Wales**

**Title: Procurement in Carmarthenshire**

#### **1. Background**

1.1 Following Local Government Reorganisation in 1996 procurement activity in Carmarthenshire was, like the majority of Welsh Local Authorities, somewhat fragmented. Apart from the areas where the Corporate Procurement Unit (CPU) had traditionally operated e.g. Energy, Food, Business Equipment etc, major spending departments procured independently and with limited reference to CPU.

#### **2. Catalysts for Change**

2.1 During the review of public sector procurement in Wales by the Welsh Assembly Government which resulted in the publication of "Better Value Wales" in 2001, local government views, concerns and aspirations were fully considered and were subsequently reflected in the recommendations.

2.2 In 2002 the Authority commenced it's own Strategic Review of Procurement under the Wales Programme for Improvement. This was robustly undertaken on a three-stage basis with the Wales Audit Office (formerly Audit Commission in Wales) providing comprehensive support.

2.3 As part of the scoping exercise during the early stage of the Review the Authority became the first Welsh Local Authority to undergo a Procurement Fitness Check which was undertaken by two senior consultants from the Improvement & Development Agency. The subsequent Report acknowledged the positive and innovative approach being taken within Carmarthenshire and commented positively on the high level Member and senior Officer support for the procurement function.

2.4 Detailed consultation was undertaken with "Partner" organisations ie Carmarthenshire Association of Voluntary Services, Carmarthenshire Chambers of Commerce, Carmarthenshire NHS Trust, neighbouring local authorities and regional Police and Fire Authorities and other "Stakeholders" ie Suppliers, Trade Unions and the Public. Again the feedback was extremely positive and the views expressed were reflected in the conclusions.

2.5 The valuable input from these organisations and from Officers and Members ensured a successful outcome to the Review where the procurement function was judged to have "excellent prospects for improvement" by the Wales Audit Office, on the basis that the recommendations were adopted.

2.6 Our Review recommendations generally complemented a number of those in "Better Value Wales" and focussed on the following critical areas:

- Strong political leadership for procurement
- Strong corporate procurement co-ordinating role and operational relationship with departments
- Focussed Procurement Strategy reflecting the Council's aims and objectives
- Creation of a sustainable local supply chain and SME development
- Procurement performance and training – including Schools
- Modernisation (including e-procurement, collaboration, Constructing Excellence).

### **3. What have we done?**

3.1 The strategic recommendations from our Procurement Review were translated into a comprehensive Improvement Plan which formed the basis of our first Procurement Strategy. The second Procurement Strategy (2005-2010) is now in place and focuses on the following 8 Key Challenges:

- Value for Money & Efficiency
- Controls, Standards and Probity
- Construction Procurement
- Sustainable Procurement
- e-procurement
- Procurement Project Management
- Relationship with the Supply Base
- Education Procurement

3.2 In order to address these challenges the Authority restructured and expanded the CPU which is now a truly corporate resource which is responsible for developing policy, ensuring legal compliance, providing practical hands on advice to officers with procurement responsibility and managing the relationship with Value Wales (Procurement) and the Welsh Local Government Association (WLGA).

3.3 The function was formalised under a CLAN (Centre Led Action Network) Model which ensures a "soft" management line between the Strategic Procurement Manager and departmental procurement officers. The Authority has a "Lead Officer" approach to contracting where the procurement process is managed at Department/Division level. A Tender Evaluation Panel is appointed for every Tender exercise which includes an Officer from CPU. The

Authority has formally agreed that the subsequent contracting arrangement becomes a corporate arrangement, i.e. used by all.

3.4 A cross-departmental Procurement Steering Group (PSG) has been established to review delivery of Procurement Strategy targets, and to develop and refine procurement policy. Representatives are at Head of Service level. Theme based Working Groups have also been established which report to PSG, i.e.

- Constructing Excellence
- Sustainable Procurement
- Legal Issues
- Efficiencies

3.5 CPU Officers assisted Value Wales (Procurement) in the development of the All Wales Value For Money (VFM) Efficiency Classification System and have piloted it's use in targeted areas of procurement spend.

3.6 The Rules and Regulations and Guidance under which we undertake procurement activity have been radically modernised.

3.7 Contract Procedure Rules govern expenditure in excess of £75k and are written to reflect the EC Procurement Regime. They also cover areas such as Partnering, Negotiated Tendering Procedure and Framework Agreements.

3.8 Expenditure up to £75k is covered by less formal process under Quotation Procedure Rules.

3.9 CPU has produced a Procurement Code of Practice which provides comprehensive guidance to Officers with procurement responsibility. It also includes an overview of our obligations under the EC Procurement Directive and a practical interpretation of these and our own internal Rules. We have adopted the 8 Stage Procurement Cycle as the "route map" for acquisition (see Appendix A) and are currently rolling out training to relevant Officers. Formal Procurement training has been provided to Members, which was extremely well received. The Authority's commitment to training is reflected in the fact that of the 8 staff in CPU, 4 are professionally qualified and 3 are studying for the professional qualification.

3.10 We are practically integrating the principles of Constructing Excellence into our works related procurement and have appointed a private sector partner to provide Property & Engineering Design Services along side our internal Design Consultancy. The Framework has been in place for nearly 3 years and significant efficiencies have been achieved. Our subsequent, and ongoing, project is to establish a Partnering Framework of construction providers through a competitive exercise which will be critical in delivering our ambitious capital programme.

3.11 The Authority recently adopted a Sustainable Procurement Strategy and has piloted a Sustainable Procurement Tool with the Forum for the Future. This has now been integrated into our tender process for the acquisition of Goods and Services. We have established a Procurement Surgery Initiative where CPU officers meet groups of SME's at various locations throughout the County. The aim is to help them understand the way in which we buy, ensure that our documentation is as user friendly as possible, and to advise them of any potential future opportunities.

3.12 Carmarthenshire was highlighted as a positive case study in the recent "Sustainable Public Procurement: Good Practice Guide" published by Professor Kevin Morgan, Cardiff University. The Authority was one of the first to formally endorse "Opening Doors" – The Charter for SME Friendly Procurement. In addition we have introduced a School Meals Nutrition Strategy which sets out the healthy eating agenda and developed a Local Sustainable Food Strategy under which we are identifying and developing local suppliers of quality food products at an affordable price. This project was included as a Case Study in "Food for Thought – A new approach to public sector food procurement" published by Value Wales (Procurement) in 2005.

3.13 The Authority is currently undertaking a Web based purchase order pilot with two contracted suppliers as part of our e-procurement Strategy.

3.14 In conjunction with our Head of Facilities we are re evaluating our approach to schools procurement in order to provide as much procurement advice and assistance as required.

3.15 The Authority has fully embraced and supported the role that Value Wales (Procurement) has played as a catalyst for change in public sector procurement and has contributed significantly to various projects and initiatives. We use a number of established All Wales Frameworks including Office Supplies, PC's Laptops etc, and Photocopiers. All our tender advertisements are posted on "Sell to Wales"

#### **4. The future**

4.1 The Authority is confident that the Procurement Strategy 2005-2010 sets out a pragmatic framework within which the procurement function can evolve and which contains specific and real targets for improvement.

4.2 From an external perspective we fully recognise the significance of "Making the Connections" in laying down the challenges for the public sector. "Delivering the Connections" is quite specific in requiring organisations to work together to deliver services and to generate efficiency savings to be invested in front line services. These are the major issues facing the public sector.

4.3 We believe that our Procurement Strategy is entirely consistent with these aspirations. We feel we have a positive track record in collaborative procurement and have identified efficiencies from better procurement in line with national guidance.

4.4 Our intention is to continue to work closely with Value Wales (Procurement) and the WLGA as these organisations have a critical co-ordinating role to play which will be expanded, with Value Wales (Procurement) perhaps assuming some operational procurement responsibility, and the WLGA driving collaboration and sharing of good practice in local government.

4.5 Carmarthenshire has made significant progress in terms of procurement, Undertaking a comprehensive, authority wide and honest review of the function was the basis for this improvement. Strong Member and Chief Officer support for implementing the recommendations and establishing the CPU as a truly corporate resource was critical. From practical perspective working in partnership and continually providing high quality procurement advice and assistance to colleagues has maintained the momentum.

4.6 The foregoing has been Carmarthenshire's particular experience, and it is appreciated that authorities are structured differently and may have differing priorities or views as to how the procurement function should be organised. However from a strategic perspective the pressures we face and the expectations of us nationally are generally the same. It is essential that we all take steps to address them immediately. There is still much to do.

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# APPENDIX A

## THE 8 STAGES OF THE PROCUREMENT & COMMISSIONING CYCLE: MANAGING A PROCUREMENT AS A PROJECT

