



CORPORATE PROCUREMENT STRATEGY

2010/11 to 2012/13

Foreword by John Noeken

It is with pleasure I am able to provide a foreword for the Corporate Procurement Strategy, the first for the new Council.

This is an important document as the Corporate Procurement Strategy provides the framework for the Council to obtain value and social capital from all of its bought in goods and services. The strategy addresses all elements of the Procurement and Commissioning cycle and considers the many solutions available to the Council from the establishment of corporate contract, collaborative and consortia arrangements through to the development of long term strategic partnerships such as Public Private Partnerships and the use of the Private Finance Initiative.

In developing the new strategy it has been important to focus on the delivery of the Corporate goals but at the same time, try to balance two clear priorities:-

- Identifying and delivering efficiencies, but not at the expense of quality;
- Developing and embracing the principles of sustainable procurement.

The strategy will help deliver these priorities by encouraging the adoption of a mixed economy approach, evaluating on the basis of whole life costings and breaking down barriers to participate in Council opportunities. Using transparent processes the Council will commit to meeting its obligation to ensure that all of our procurement activity addresses relevant social, economic and environmental standards.

Progress towards meeting the ambitious targets contained within the strategy will be regularly monitored and I particularly welcome the involvement of the Overview and Scrutiny Management Committee in the development of this important corporate document.

To compliment the new Corporate Procurement Strategy the Council's Contract Regulations have recently been reviewed and revised. They not only reflect current changes to use SAP/SRM but also best practice and legislative changes to provide a framework enabling all the Council's buyers to demonstrate value for money. A series of Procurement Guides have also been developed to provide help and support for all officers who procure or commission goods, services and works and along with this strategy they will be regularly reviewed and updated.

John Noeken
Cabinet Member – Resources

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SECTION A - INTRODUCTION

A1 : Background

The Council spends about 75% of its operational budgets on purchasing goods and services from external suppliers, spending around £325m each year. This document is Wiltshire Council's three-year procurement strategy. The strategy is designed to build on the experiences and best practice prevalent in each of the five former Councils that were brought together to form Wiltshire Council. The strategy is intended to set out our priorities and approach for achieving increased efficiency and best value in our procurement activity over the next three years.

Efficiency and improved procurement are now very high on the agenda for local government, both nationally and as individual local authorities. The drivers for change include:

- [Wiltshire Council's new Corporate Plan](#)
- [Communities Local Government \(CLG\)](#) - Key Lines of Enquiry - Use of Resources
- [Comprehensive Spending Review 07](#)
- [Local Area Agreement](#)
- [Sustainable Procurement Task Force](#)
- [Compact](#), [Concordat](#) & [NPS](#)

The strategy sets an initial savings target of £8.2m to be identified during 2009/10 to be considered for the budget round for 2010/11 for reinvestment or as a contribution to efficiency savings targets. These procurement savings are in addition to those previously identified as part of the BMP and One Council procurement savings. This level of savings will make a significant contribution to the Council's overall efficiency agenda and will release resources for reinvestment in Council priorities and/or help to maintain low levels of Council Tax increase in future years. The Council wishes to maximise its opportunities to introduce efficiency savings through professional procurement practices and will set an appropriate annual savings target as part of the budget round.

The Strategy is owned by the Corporate Procurement and Commissioning Board (CPCB) and when it has been adopted by Cabinet will set the context and direction of all procurement activity undertaken within the authority. It is a high level document that will be supplemented by interpretative and procedural guidance for practitioners across the authority.

Effective procurement falls into three key stages

Stage 1 – Understanding where the money goes

An effective procurement strategy needs to be driven by a clear analysis of where money is spent in relation to business requirements, supplier and spend category.

Stage 2 – Effective Strategic Sourcing

On the basis of an understanding of business requirements and market conditions, the appropriate category specific procurement strategy needs to be developed. This can range from straight-forward supplier management and negotiation of discounts to more complex tendering and partnering arrangements.

Stage 3 – Effective Procurement Infrastructure and Processes

Once contracts or other purchasing arrangements are in place, the organisation needs to ensure compliance with corporate arrangements and ensure that systems and performance monitoring are in place to ensure that the savings and other benefits are retained.

This Strategy sets out a number of action points to further develop the Council's procurement policies and practices and establish a programme of continuous improvement. It also details the key objectives and promotes a consistency of approach across what is a large and diverse organisation.

A2: The Present Position – (Wiltshire County Council Figures Only)

In order to consider the key elements of the Council's new strategy, consideration needs to be given to our overall procurement expenditure.

In 2007/8 the Council's external spend with suppliers was circa £295 million, as shown in the following table, broken down by transaction profile.

Value of Business per Supplier	Expenditure / % of Total Expenditure	No. of suppliers/% of Total Suppliers	No of Transactions / % of Total Transactions
£0— £4,999	£ 6M 2%	6,293 74.5%	17,560 37%
£5,000—£49,999	£ 26M 9%	1,572 18.0%	16,327 34%
£50,000—£249,999	£ 48M 16%	426 5.0%	7,401 16%
£250,000—£999,999	£ 76M 26%	165 2.0%	4,438 9%
£1,000,000+	£ 139M 47%	43 0.5%	1,617 3%
	£ 295M	8,499	47,343

Key issues arising from this analysis include:

- We utilise approximately 8,500 suppliers annually, a supply base which is very difficult to control.
- We process over 47,300 true supplier transactions each year, at significant administrative cost.
- The top 20 suppliers account for almost 37% of our overall business (in fact, the top 20 receive approximately £109 million).
- Over 74.5% of our suppliers get less than £5,000 business from us in a year, diluting our expenditure and reducing leverage in price terms.
- The average transaction value in this spend category is approximately £341.
- The average spend with each supplier in this spend category is approximately £953.
- The purchase to pay process costs identified by the National Audit Office has been calculated to be at least £34 per transaction, and so the internal costs for true suppliers is over £1,609,000 per annum.
- Many of the suppliers in the low value range are local small businesses.

We have further analysed our expenditure through participation in the EXOR spend analysis, which looks at the suppliers used and categorises them according to PROCLASS expenditure categories.

Key issues arising from this analysis include: (Using APTOS Classifications on Wiltshire County Council Activity)

- Almost 90% of Council expenditure is covered by 14 categories of expenditure.
- Within individual categories the Council appears to utilise significant numbers of individual suppliers (e.g. 343 firms in relation to buildings maintenance).

Although the Council has in place a number of corporate and individual contract arrangements, it is clear that a significant number of the suppliers identified above appear to be dealt with on an ad hoc basis.

These analyses raise 5 specific corporate procurement challenges:

- The need to ensure that maximum value is obtained from strategic suppliers, rather than our current apparent ad hoc arrangements.
- The need for process efficiencies in dealing with the large number of suppliers and transactions in low value, high volume area.
- The need to reduce the number of transactions being processed.
- The need to channel transactions to the most appropriate suppliers and improve opportunities for efficiency and productivity savings.
- The need to gain greater contractual coverage of our expenditure.

In addition it is anticipated that there will be a number of category-specific challenges which will be identified as we start to collate and investigate activity with each of the Category Managers.

A3 : Introducing Category Management

Category Management is a concept that involves the continual monitoring of expenditure and supplier performance in specific buying categories with the intent of driving ongoing cost or supplier performance improvements.

Category Management is a continuous process and not a one-off improvement project.

Category Management as a process will be underpinned by the development of individual Category Sourcing Strategies. Within these strategies will be a sourcing plan identifying quick win plans, short to medium term (tactical plans) and long term (strategic plans).

Category Managers will need to know about and apply a number of technical tools and these will be included in the Procurement Essentials Toolkit.

Category Management can be thought of as a change management process, and indeed the introduction of Category Management will require changes to our processes, to relationships (both internally and externally) and organisational changes.

Like any change process, it requires stakeholder commitment, good communications and the right resources.

Key to its success and application is that it requires teams to work across organisational, departmental and functional boundaries. This can be very demanding and require lots of energy, communication and managerial support and sponsorship.

Once this approach is fully adopted throughout the council we expect to deliver significant financial and service benefits providing us with the solutions that add value, meet business and service requirements and improve procurement service delivery.

The Procurement Improvement Programme will detail the required approach to the use of procurement across the entire Council. These need to be developed further for certain categories with additional detail to cater for the individual specialist circumstances.

This document addresses all the key procurement improvement and efficiency agenda issues and is structured using the four main themes of the [National Procurement Strategy](#):

- Providing Leadership and Building Capacity
- Partnering and Collaboration
- Doing Business Electronically; and
- Stimulating Markets and Achieving Community Benefits.

The remainder of this document sets out Wiltshire Council's approach to delivering effective strategic procurement.

SECTION B – CONTEXT

B1 : Procurement Improvement Programme

There is now wide recognition within Wiltshire Council and throughout local government that effective procurement techniques need to be applied across all categories of non-pay expenditure, and in particular in areas of high value and risk, such as Construction and Social Care. In implementing the Procurement Improvement Programme, the Council will adopt the following Basic Principles:

B2 : Basic Principles

B2.1 Strategic Approach

There will be corporate strategic overview and coordination of the Council's procurement expenditure, identifying existing contracting arrangements and proposed departmental procurement activity

Procurement will be used to drive increased value, reduced total cost of ownership and generation of efficiency and financial savings

Senior management through the Corporate Procurement and Commissioning Board (CPCB) will provide supportive leadership for, and scrutiny of, procurement across the council.

Category Management will become the discipline applied to achieve our objectives.

B2.2 Process & Procedure

Best procurement practice will be facilitated through supplier rationalisation and elimination of spend from an uncontrolled supply base.

The implementation of the Business Management Programme (BMP) transformation of ordering and payments processes will drive efficiency.

Compliance with the New Contract Regulations and corporate contracts will be mandatory.

B2.3 Training

Employee development will be key. Staff will be encouraged to develop appropriate skills in modern procurement techniques to improve the Council's current skills base. This will range from procedural competence right through to full professional qualifications.

B2.4 Performance Management

Aggressive targets will be set for all areas of procurement activity, supported by a performance monitoring and management system.

We will publish the results of our performance monitoring.

We will utilise our performance management information to ensure continuous improvement in this area of activity.

B2.5 Partnerships

Relationships with suppliers will be planned and managed appropriately.

Opportunities will be explored for effective collaboration with other councils and across the public sector.

B2.6 Social, Ethical & Sustainable

Sustainable Procurement is a 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, or indeed improving the environment.

As an interim measure, the Council will be following the best practice guidance contained within the [Sustainable Procurement Action Plan](#). We will make use of the flexible framework and endeavour to progress each element through the levels identified within the framework.

Further information on Wiltshire Councils approach to Sustainable Procurement can be found in Section D5 (page 26) of this document.

SECTION C - OUR PLANNED APPROACH

C1 : Procurement footprint analysis

As a starting point in implementing our revised strategic approach, it will be necessary to carry out a complete update of the portfolio analysis of the Council's procurement expenditure. This involves plotting expenditure categories on a matrix of value and market risk, and defining the approach accordingly, as shown below.

Expenditure	Risk	Category	Typical approach
Low	Low	Routine	Characterised by numerous small orders and invoices. Aim for supplier rationalisation and some consolidation of spend for leverage. Concentrate on process efficiencies.
Low	High	Bottleneck	Total Expenditure is low, but it may be for sensitive or critical goods or services. Emphasis on security of supply, possibly through multi-sourcing. Also seek to encourage new entrants into the market.
High	Low	Leverage	Key area for achieving savings through price reductions. Short-term relationships or spot buying, with emphasis upon driving down prices.
High	High	Strategic	Major area of expenditure, but also highest exposure. Focus on removing cost from the relationship, possibly with shared gains. Main area for strategic partnering.

Examples of the types of goods and services falling into each category are shown below.

Routine	Painters & Decorators Stationery Janitorial Materials Various Consumable Materials
Bottleneck	Caterers Landscape Contractors Solicitors & Barristers Cleaning Services Specialist Consultancy Services
Leverage	IT Equipment Mobile Phones Utilities Printing Services
Strategic	Construction Social Care Services Waste Management Highway Maintenance Accommodation

This process will help to inform the contracting programme moving forward. It illustrates the approach which we propose to adopt, and will require full participation and buy-in from stakeholders across the Council.

C2 : Roles & Resources

The [Byatt Report](#) recommends that:

“Local Authorities should develop a corporate procurement function to collect management information, oversee devolved buying, coordinate training and act as an internal source of expertise”

The Council has already adopted the principle of a Corporate Procurement Unit (CPU), and at this stage there is no intention to rethink this principle. Rather, we need to consider the strategic role of this unit in relation to the needs of the departments and ultimately that of the category managers. It is accepted that the current situation, despite success in a number of areas, is in urgent need of review in order to meet the strategic objectives of the new Wiltshire Council.

The proposed role of the CPU will be:

- Owners of the Procurement Improvement Programme
- Involvement in Council-wide strategic contracts, including major contracting-out of services, strategic partnerships etc
- Procurement strategy development and leadership of implementation, along with associated initiatives, policies and procedures
- Advice & guidance on all procurement matters
- Maintenance of controls & standards including the Council's Contract Regulations
- Acting as a catalyst to stimulate procurement networking
- Monitoring of procurement performance and activity, including savings and benefits tracking
- Expert advice around procurement best practice
- Establishing, coordinating and approval of category specific sourcing strategies
- Training programme development and delivery
- Coordinating policy implementation, including sustainability and regeneration initiatives
- Liaising with external partners around collaboration and any other initiatives.

It needs to be emphasised that one of the CPU's key roles is that of coordinator or catalyst, and that it is dependent for success upon the active and positive participation of procurement stakeholders across the Council. Whilst the CPU will be accountable, staff in the departments, and particularly Service Directors, will have a key role and joint responsibility for achieving the objectives.

Year-on-year targets for procurement will be agreed with the Corporate Procurement and Commissioning Board to support the Procurement Improvement Programme. These will be monitored and reported on in the annual procurement report.

C3 : SAP Procure to Pay Process

A central plank of the Procurement Improvement Programme will be the phased implementation of e-procurement across the Council. Cabinet agreed the business case for this project in 2006, and the project achieved the targeted go-live date of April 2009. Our preferred solution is SAP and the Council is being assisted in its implementation by our business partner Logica.

The introduction of SAP's Supplier Relationship Management (SRM) module is part of a major change project across the whole of the Council, and will transform the way we do business. It is considerably more than a simple technology refresh, it is primarily about change management. It impacts upon the procure-to-pay cycle, and a major benefit will be radical process improvement and standardisation across most areas of the Council.

The implementation initially focused on the procure to pay process with future phases bringing full e-procurement into the organisation. The business case will need to be approved and resourced to introduce the essential e-sourcing, e-tendering and e-auctions tools required for a full e-procurement implementation.

Full e-procurement is a major prerequisite in transforming the way we do business and achieving the maximum benefits from the Procurement Improvement Programme.

Some of the early benefits of an e-procure to pay module are:

- The adoption and support of an electronic procure to pay process, introducing the concept of catalogue management
- defined product categories
- supporting purchasing groups

C4 : Targets & Savings

The exact values of savings targets will be determined annually by the Corporate Procurement & Commissioning Board during the budget setting process.

During the financial year 2009 / 2010 procurement savings of £8.2 million were identified and the budget for 2010 / 2011 adjusted accordingly. This equates to approximately 2.5% of the total spend for bought in goods and services which stands at £325 million.

In order to help achieve the Council's corporate goals such as delivering high value, low cost services and maintaining a sustainable level of council tax increases, it is important for the Council to set itself challenging savings targets each year.

C5 : Communication and Training Plan

The Corporate Procurement Unit currently operates a communication plan and this will be further developed. Current activities include:

- A procurement presence on the internet and intranet
- Customer and supplier spend analyses
- A "[How to do business with the public sector](#)" guide, available in hard copy and on the internet
- Departmental representation responsibilities for CPU staff
- Senior Procurement & commissioning meetings
- Internal training

Communication developments will include the following.

- Supplier open days, intended to help local firms to understand how we do business and make contact with Wiltshire procurement staff
- Development of the procurement intranet & internet sites
- A broader training and development programme, enabling access to training for all staff, from part-time buyers to those involved in high value contracts
- Workshops and seminars on specific developments and initiatives
- More focused and targeted surveys
- Development of prospectuses for suppliers
- Launch of the Procurement Essentials Toolkit
- Publication of sourcing strategies supported by sourcing plans
- Better contract information bulletins to make it easier to access contracts
- Inclusion of procurement material at induction
- Design of an information cascading network.

SECTION D - TARGETED ACTIVITY LINKED TO OUR FOUR KEY OBJECTIVES

D1: Providing Leadership and Building Capacity

Objective:

“There should be a commitment from the top of each council (leader, chief executive, procurement champion) to procurement excellence by managing it strategically and resourcing it adequately.”

[National Procurement Strategy](#) ²³ October 2003

Targeted Activity

The implementation of this Procurement Strategy will require decisive and sustained leadership from Members and Chief Officers to ensure that the Council is an organisation that is proactive, joined up and visionary in its approach to the delivery of best in class services.

To support this approach there are a number of key tasks for the Council which will be led by the Corporate Procurement Unit. These include:

- The review of all of the Council's procurement and commissioning related activities and associated resources and policies, including a comprehensive risk assessment.
- The development of guidance, templates and procedures to ensure they support the delivery of the Corporate Procurement Strategy and enhance the use of procurement to deliver the Council's objectives.
- The production of clear guidance on the new policies
- The communication of this both internally and externally
- The provision of targeted training.

The Council will strive for the correct balance of encouraging innovation and responsible risk taking with the requirement for ensuring the correct use of public resources. The Council's policies on ethics and fraud prevention will be included in this review.

Some of the specific areas that will be addressed are:

- **Basis of Procurement Decisions** – The Council will make its procurement decisions to further its strategic objectives and on the basis of best value for money (the economically most advantageous offer in the EU and UK regulations). Best value is defined as “the optimum combination of whole life costs and benefits to meet the customer's requirement”. Contracts will not be awarded only on the basis of lowest initial price. There will always be an assessment of quality, benefits and the costs that will be incurred by the Council throughout the life of the asset or contract period.
- **Business Cases** – The use of robust and effective Business Cases will be extended across the Council. This will provide an effective challenge to all procurements above the value prescribed in the new contract regulation.

- **Project Management** – The Council actively supports the development of Project Management as a core competence of the organisation for the effective management of time, cost, quality and risk in projects. A programme to widen use of the appropriate elements of the Prince II methodology is underway across the Council.

The Council undertakes a vast array of differing types and sizes of procurements and it is not possible to create a one-size-fits-all approach to procurement project management. However the benefits for all large procurements of a combination of using a more formal approach to project management, the creation of a robust business case after a rigorous options appraisal, and ensuring the identification and correct allocation of all risks are worthwhile.

The Corporate Procurement Unit will provide guidance within the new contract regulations and its companion document on what size and types of procurements need what level of project management rigour.

Risk Management – Effective use of procurement strengthens the Council's overall management of the organisation, complementing and supporting other management tools such as the Risk Register. The Risk Register identifies specific risks to the Council and the delivery of its services, and consequently the Council will take specific procurement decisions as part of its mitigation and handling of the identified risks.

Forward Planning – To ensure the effective use of procurement the Corporate Procurement Unit has embarked on a program of compiling all contracts into one single register for the whole Council. This Contracts Register will cover all procurements and contracts to be tendered and/or awarded by the Council. It will be user friendly to ensure it is an effective tool both for the Council's internal use and for its suppliers. It will also become mandatory through contract regulations to enter all contracts on to the register.

The **Contracts Register** will be enhanced as Category Management Sourcing Strategies start to develop and will include all future known procurements – both for the renewal of existing period based contracts and for new projects/requirements.

To achieve this, close linkages will be needed with the Directorate based Category Managers and business development planning processes. As the Council's use of this becomes more sophisticated the period it looks forward will be increased, proving beneficial to the Council's [Medium Term Financial Strategy](#) and Departmental Service Plans.

The Corporate Procurement Unit will provide guidance to the Category Managers on the types of procurements to be included and the required information.

Challenge – The Council will strengthen its challenge processes across all procurements without imposing an unnecessary administrative overhead. Large procurements will be subject to Office of Government Commerce style Gateway reviews at the appropriate stages. Gateway reviews provide a formalised structure of external reviews of a project at several key stages.

The Council believes that the formal Gateway review processes administered within local government by the [Local Partnerships](#) organisation is not always the most appropriate review process to be used. The Council will therefore use a mixed economy approach and in specific circumstances will undertake an equivalent process using either its own staff not directly involved in the procurement being reviewed, or peers from other councils in the region as an

additional resource. The Council will also actively support reciprocal arrangements where it can assist other councils whilst exposing its own staff to personal development opportunities.

As part of the challenge and the options appraisal process the Council will take into account the appropriate use of the partnering, collaboration and trading approaches.

Contract Management – Effective procurement is measured by the outcomes and not by completion of the process. Contracts must be managed throughout their life to ensure that the benefits identified in the business case are delivered. The Council will expand the use of contract management, building on the areas of current best practice. Detailed guidance of best practice will be included in the procurement essentials guidance.

Documented Guidance – The Council's current procurement and commissioning related policies are published in a number of separate documents. No single document contains them all. The Corporate Procurement Unit will lead a thorough review of all procurement and commissioning related policies and procedures. These will be amended in line with this Procurement Strategy and republished in a single information portal to be titled "Spending our Money".

"Spending our Money" will also include clear guidance on the implementation of these policies and procedures.

Training – With the wider view on the definition of 'procurement' and its use throughout the Council it is important that the skills base of Council staff is understood and effective steps taken where it needs to be re-aligned.

The Corporate Procurement Unit will work with Training & Development Section to ensure that procurement is seen by managers as a core competence, both for themselves and for their staff and that adequate training opportunities are available for them.

The WC/CIPS Corporate Award will be revised to reflect the latest developments in our approach to Procurement and an additional tranche of students will commence their professional training.

The Council will also provide additional development opportunities for existing CIPS qualified staff to become NVQ assessors to mentor and develop colleagues who wish to gain a greater understanding of procurement without necessarily going on to achieve the full professional qualification.

Whilst supporting the need for adequate numbers of appropriately skilled procurement professionals the Council understands that it's effective use of procurement requires the active involvement of all staff engaged in procurement activity. As a consequence training resources will be targeted at the:

- general understanding of the use of procurement as a tool to help deliver the Council's objectives
- identification of a need, the challenge process including options appraisal, and the use of a business case and the writing of the requirement
- Understanding and commitment to the Procurement Strategy and policies.

D2 : Partnering and Collaboration

Objective:

“The strategic objective of partnering is the delivery of better services to citizens through the creation of sustainable partnerships between councils and suppliers in the public, private, social enterprise and voluntary sectors for the delivery of services and the carrying out of major projects, including construction.

The strategic objective of collaboration is to obtain better value by bringing councils and other public bodies together at local, regional and at national levels to combine their buying power and create shared services.”

[National Procurement Strategy](#) 23rd October 2003

Targeted Activity

The Council utilises a wide range of contracting opportunities, partnering, collaboration and trading across various units and actively looks to maximise the proven advantages. Whilst there are areas where close collaboration exists with other councils and public bodies, these are still limited and collaboration is not yet enshrined within the Council's management culture and operational practice.

There is no single solution that can be applied in all cases therefore the procurement approach needs to be varied to fit the circumstances. The Corporate Procurement Unit, through the introduction of Category Management, will lead on and work with the Category Managers to define the most appropriate approach within each category and within the four areas of spend within those categories.

The Council has fully endorsed the use of Partnering and through the formulation of our Partnering Protocol has attempted to formalise the process and bring visibility to the Council of all partnerships entered into including arrangements for regular review.

With the introduction of Category Management these partnerships will be incorporated into the sourcing plan and will form part of the sourcing strategy for that category.

The Council, where appropriate, will look to expand its use of partnering. All opportunities for new partnerships will need to be identified by the Category Manager as part of the Category Sourcing Strategy.

The Council will proactively seek out collaborative opportunities with other councils and other public bodies, through active participation both in existing consortia and the [Regional Improvement and Efficiency Partnership](#) (RIEP).

The Council will use the identified collaborative opportunity wherever this is of benefit:

- exclusively to the Council
- to both the Council and the other bodies; or
- exclusively for the other bodies, except where there is a negative impact on the Council.

The Council will also look to exploit trading opportunities wherever they provide additional benefit. The Council however acknowledges the potential conflict between trading and collaboration activities and will seek the appropriate balance.

D3 : Doing Business Electronically

Objective:

“To achieve efficiencies in the procure-to-pay cycle including reduction in cycle time and reduction in transaction costs. This will free resources that can be directed into front line services.”

“to use e-marketplaces to assist councils to access framework agreements and contracts.”

[National Procurement Strategy](#) 23rd October 2003

Targeted Activity:

The Council recently took the decision to implement SAP as the solution to our Business Management Programme (BMP) initiative.

The implementation of the SAP Supplier Relationship Management (SRM) Module during Phase 1 focused on transactional procurement activity.

This has streamlined and rationalised existing processes across the Council to provide a more uniform approach thus allowing a simpler e-enabling of the process.

Individual elements of ‘doing business electronically’ that will be facilitated by the introduction of SAP SRM are as follows:

- e-Ordering
- e-Payments
- e-Cards
- e-Marketplaces
- e-Catalogues

The Council will prepare the supporting business case and then look to exploit the full implementation of SAP SRM to provide for e-sourcing in either Phase 2 or Phase 3.

Elements of e-sourcing will to be implemented during the later phases will include:

- e-Tendering
- e-Auctions
- e-Requests for Quotes

An important part of achieving the targeted savings will be securing a competitive process in all procurement activity above £5,000 (but below threshold values for formal tendering procedures) to achieve this will require access to an electronic RFQ tool. The benefits from using this tool make the early implementation highly desirable and a temporary solution will need to be sourced as an interim measure.

Whenever appropriate, and to take advantage of reduced timescales for EU procurement exercises, the council will make use of an arrangement it has with BIP Solutions to source individual e-Tendering exercises through a third party e-procurement provider.

- The procurement information on www.wiltshire.gov.uk will be enhanced throughout 2010 including the revision and publication of documents such as: "[How to do business with the public sector](#)"

The Council in implementing its e-Procurement Strategy will ensure that this remains at all times closely aligned with the Procurement Strategy especially ensuring that existing and potential suppliers (including local SMEs) are not unreasonably disadvantaged by the Council's use of electronic trading.

D4 : Stimulating Markets and Achieving Community Benefit

Objective:

“engage actively with suppliers”

“use procurement to help deliver corporate objectives, including the economic, social and environmental objectives set out in the community plan.”

[National Procurement Strategy](#) 23rd October 2003

Targeted Activity:

The Council has traditionally benefited from its scale and stature in the local government market place with a ready supply of firms wanting to do business with it. Whilst this is still generally true the Council does not wish to become complacent and acknowledges that by not actively engaging with suppliers it could potentially miss out on opportunities from different sources of supply.

Analysis of the County and District Council's payment systems, which are currently the only reliable source of information on the Council's suppliers, shows that the five Council's made payments to over 11,000 different firms in a twelve-month period 2007/8.

This Strategy acknowledges that the new Wiltshire Council needs to improve on what has been previously achieved and do more to procure on a strategic basis and make a greater contribution to the delivery of its strategic objectives.

The Council is committed to a mixed range of suppliers to help stimulate a varied and competitive market place. To achieve this aim the Council will take a more proactive role in its interaction with suppliers.

Supplier Numbers – It is acknowledged that even for an organisation of the Council's scale, effective interaction with over 11,000 firms is impractical. To enable it to improve the management, and thus the quality, of its supplier relationships the Council must significantly reduce this number. The Council will aim to be making payments to quantifiably fewer suppliers by the end of 2010 and to further reduce this figure by the end of 2011.

Reductions in the number of suppliers to whom the Council makes direct payments may be achieved in a number of ways:

- utilising category management should facilitate a more consistent aggregation across the Council of purchases for 'Non-critical general supplies' resulting in transactions with fewer contracted suppliers
- use of purchase cards where appropriate for non-critical low value orders allowing the Council to make just one payment to the card provider
- explore the introduction of the use of purchase cards in response to the individualised budgets agenda for adult social care clients to give them greater control over both the commissioning and payment elements of their procurement

This policy will not apply universally to all categories of expenditure. Some categories may well benefit from additional suppliers and the Council's ongoing work to encourage additional suppliers to enter these markets is not incompatible with the overall aim of reducing the administrative costs of dealing direct with large numbers of suppliers.

Supplier Monitoring – The Corporate Procurement Unit will work closely with Shared Services Team to regularly monitor the information available on the Council's supplier base through the Finance and SRM Modules of the SAP system.

The Corporate Procurement Unit undertook research during the period 2005 to 2008, as part of its commitment to promoting the economic, social and environmental wellbeing of the community, into the amount of expenditure with local suppliers. This gave the Council a better understanding of its impact on the local economy resulting in a number of practical recommendations that have helped inform this Procurement Strategy.

As part of the implementation of SAP, the Corporate Procurement Unit will gather information from our suppliers regarding whether they consider themselves as small or medium sized enterprises (SMEs), black and minority enterprises (BMEs) or social/voluntary sector service providers. This information will enable the Council to undertake targeted actions to improve our interactions with certain elements of the supplier community.

Providing Local Business' with more opportunities

Wiltshire Council's new [Corporate Plan](#) promises to purchase locally wherever possible. To facilitate this the Council will embark on a new way of seeking requests for quotes from local suppliers. The Council has written within its regulations that whenever quotes are requested for the supply of goods or services, that at least two quotes must be sought from local suppliers who are registered on [BuyWiltshire](#).

Marketing the Council – The Council will improve the way it markets itself to suppliers building on the practices and benefits currently being achieved. The Council's review of its procurement processes includes the principle of making it easier for suppliers to understand how to do business with the Council.

Supporting this approach a basic "[How to do business with the public sector](#)" guide was published on www.wiltshire.gov.uk in 2005 and this has been updated and enhanced in 2010.

The Council will expand its consultations with the business community through local and national bodies and special interest groups. These will include, amongst others:

- [Chambers of Commerce](#) & [Federation of Small Business](#)
- [Business Link](#).
- Regional Professional & Trade Groups.

Voluntary Sector – The Council agreed a Voluntary Sector [Compact](#) in 2005 which builds upon the history of partnership working between the two sectors to improve services for the people of Wiltshire.

The [Compact](#) was envisaged to be a dynamic document and will therefore continue to be evaluated and reviewed to enhance this important element of our supplier community and to update the agreement and codes of practice as necessary.

SMEs – The Council has signed up and endorsed the [National Procurement Concordat](#) for Small Medium Sized Enterprises with the Department of Trade and Industry in 2004 and endorsed the final version through the national sign-up in January 2007. The Concordat

details what small firms and other supplying local government can expect when tendering for Local Authority contracts. It also sets out the standards that public sector buyers expect when doing business with their suppliers.

The Concordat represents a commitment from the Local Authority to encourage and develop appropriate levels of competition in local government markets in order to increase value for money and foster innovation, particularly from those businesses/suppliers who may find it difficult to break into this market. These may include small and medium-sized enterprises (SMEs), which themselves could include local businesses, ethnic and minority owned businesses (EMBs), women-owned businesses, social enterprises and voluntary and community organisations (VCOs).

It is recognised that small and medium sized businesses play a crucial role in the UK economy and are vital to a thriving local economy in Wiltshire. The delivery of this strategy over the next three years will aim to encourage the participation of SMEs when competing for Local Authority contracts and increase the awareness of appropriate opportunities.

Diversity – The Council will take a positive approach to removing the specific barriers to trading with individual sectors. This will be applied across the supply chain and where it is not appropriate for the Council to trade directly it will encourage, and include as contractual commitments where appropriate, the use of these sectors as sub-contractors.

The Council's [Commitment to Equality and Diversity](#) states that the Council is firmly committed to the principles of equality and diversity in the delivery of all its services however they are sourced.

The Corporate Procurement Unit will work closely with the Equality and Diversity Team to develop practical guidance and produce a toolkit to support the [Council's Equality and Diversity Policy Statement](#) objectives and also its obligations to make services accessible to all, treating people fairly regardless of their colour, race, ethnic or national origin or gender reassignment, marital status, sexuality, disability, age or any illness or infection.

D5: Sustainable Procurement

Sustainable Procurement is a 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, or indeed improves the environment.

Simply, sustainable procurement is good procurement.

The Council will work to develop and promote models of sustainable procurement, and engage with local partners, other public sector organisations, the business community, agencies and the voluntary sector to test these models.

The Council will build internal capacity for implementing sustainable procurement by delivering targeted training for procurement and contract management staff. This will increase awareness and build the skills necessary to deliver improvements in this area.

Environmental Management

The Council recognises that protecting the environment and promoting sustainable development within Wiltshire is a key priority. The [Local Government Act 2000](#) confers upon the Council the power to promote the economic, social and environmental wellbeing of the area that it serves. Accordingly the Council considers the environmental impacts of its actions and of the services it provides.

The Council has agreed that one of the broad strategic goals of the organisation should be “to balance the need for growth with the protection of the environment”. The [Wiltshire Local Area Agreement](#) signed in 2007 has a separate environment ‘block’ with actions on Waste, Energy and Biodiversity. All procurement activity will aim to support the strategic aims of the Council and the [Wiltshire Local Area Agreement](#).

Fair Trading

The Council is committed to integrating environmental, social and economic considerations into every stage of its procurement and commissioning processes and by specifying where appropriate, fair trade products.

To do this the Council will:

- As a minimum, comply with all relevant environmental and social legislation, UK and EC procurement regulations, including guidance, codes of practice and voluntary arrangements;
- Research and promote best practice in environmental and social procurement and commissioning;
- Consider environmental and social issues during vendor qualification and appraisal and where fairly traded products are specified the internationally agreed definition of fair trade will apply. This defines fair trade as a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the south.
- Promote & support development of awareness of environmental and social procurement issues. This includes a commitment to work with vendors, members,

council staff, the public, partners and other stakeholders to promote the concept and practice of fair trading across Wiltshire.

- Work with SME's, BME and local businesses to ensure they are able to compete for Council contracts and to strengthen the local economy.

SECTION E – PROCUREMENT TARGETS

Target Ref.	Action	By when?	Status
1	Reduce the number of suppliers Wiltshire Council transacts with. Currently 11,000 approx.	To be reviewed annually. First review will take place April 2010	
2	Reduce the number of purchase to pay transactions, currently 43,700 per annum;	To be reviewed annually. First review will take place April 2010	
3	Produce a portfolio analysis of all Wiltshire Council expenditure.	By June 2010	
4	Develop and deliver category specific sourcing strategies.	Sourcing Strategies to be developed during 2010.	
5	Develop and deliver a procurement training programme	Developed by April 2010 Delivery to begin May 2010	
6	Deliver corporately agreed procurement savings years on year.	On-going. To be reported at the end of each financial year.	
7	Develop the procurement information available in the intranet and internet.	First update complete by April 2010. To be further updated on an ongoing basis.	
8	Update the "How to do business with the public sector" guide and make available in hard copy and on the internet.	By April 2010	
9	Allocate departmental representation responsibilities for CPU staff.	By January 2010	Complete
10	Develop and circulate an internal service feedback form for the CPU.	By December 2010	
11	Develop and launch a Procurement essentials toolkit	By August 2010	
12	Circulate procurement related bulletins to targeted staff.	By April 2010	Monthly comms to requisitioners sent as of 01.12.09.
13	Develop and implement the use of a Corporate Contracts Register	By April 2010	Register Developed
14	Produce a business case for introducing additional e-procurement facilities including:	See specific targets below	
14a	e-ordering	n/a	Complete
14b	e-payments	n/a	Complete
14c	e-cards	By April 2010	
14d	e-marketplace	By April 2010	
14e	e-catalogues	By April 2010	
14f	e-tendering	By December 2010	
14g	e-auctions	By December 2010	
15	Implement a Request For Quote system for use with low value procurement activity.	By June 2010	System being piloted.

Procurement Targets Gantt Chart

ID	ID	Task Name	Start	Finish	% Complete	2010												2011		
						Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
1	1	Reduce the number of suppliers Wiltshire Council transacts with. Currently 11,000 approx.	01/04/2010	01/04/2011	0%															
2	2	Reduce the number of purchase to pay transactions, currently 43,700 per annum;	01/04/2010	01/04/2011	0%															
3	3	Produce a portfolio analysis of all Wiltshire Council expenditure.	01/03/2010	01/06/2010	0%															
4	4	Develop and deliver category specific sourcing strategies.	01/03/2010	31/12/2010	0%															
5	5	Develop and deliver a procurement training programme.	01/03/2010	30/04/2010	50%															
6	6	Deliver corporately agreed procurement savings years on year.	01/03/2010	01/04/2011	0%															
7	7	Develop the procurement information available in the intranet and internet.	01/03/2010	01/04/2010	50%															
8	8	Update the "How to do business with the public sector" guide and make available in hard copy and on the internet.	01/03/2010	01/04/2010	100%															
9	9	Allocate departmental representation responsibilities for CPU staff.	01/03/2010	01/04/2010	100%															
10	10	Develop and circulate an internal service feedback form for the CPU.	01/03/2010	31/12/2010	0%															
11	11	Develop and launch a Procurement essentials toolkit	01/03/2010	30/08/2010	10%															
12	12	Circulate procurement related bulletins to targeted staff.	01/03/2010	01/04/2010	100%															
13	13	Develop and implement the use of a Corporate Contracts Register	01/03/2010	01/04/2010	50%															
14	14a	e-ordering	01/03/2010	01/04/2010	100%															
15	14b	e-payments	01/03/2010	01/04/2010	100%															
16	14c	e-cards	01/03/2010	01/04/2010	50%															
17	14d	e-marketplace	01/03/2010	01/04/2010	100%															
18	14e	e-catalogues	01/03/2010	01/04/2010	0%															
19	14f	e-tendering	01/03/2010	31/12/2010	0%															
20	14g	e-auctions	01/03/2010	31/12/2010	0%															
21	15	Implement a Request For Quote system for use with low value procurement activity.	01/03/2010	30/06/2010	10%															