

Wrexham County Borough Council

# Commissioning, Procurement and Contract Management Strategy



1st April 2018 - 31st March 2021



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## 1 Foreword

- 1.1 This Strategy covers the entire range of commissioning, procurement and contract management activities carried out by Wrexham County Borough Council (the Council). This includes goods, works and services.
- 1.2 It sets out the means by which commissioning, procurement and contract management activities will deliver the best possible outcomes for residents and stakeholders. This has particular importance in the context of the ongoing financial challenges being faced by the Council.
- 1.3 The Council will carry out all commissioning procurement and contract management activities in an economically, environmentally and socially responsible manner, to deliver value for money and quality services.
- 1.4 The Strategy supports the Council Planning Framework, as set out in the Council Plan 2017 – 2022, including the “Well-being Acts” i.e. the Well-being of Future Generations (Wales) Act, the Environment (Wales) Act and the Social Services and Well-being (Wales) Act.
- 1.5 The Commissioning Procurement and Contract Management Unit (CP&CMU) co-ordinates all commissioning, procurement and contract management activities across the Council. It has a key role in ensuring
  - a) Promoting awareness and the need for compliance with legislation;
  - b) Providing assurance to Elected Members and management that the objectives in this Strategy are being met;
  - c) That the risks associated with commissioning, procurement and contract management activities are being met
  - d) Opportunities to drive through greater efficiencies and improvements are identified and implemented.

## 2 Key Principles

- 2.1 This is an integrated commissioning, procurement and contract management strategy. It sets out the Council's vision and objectives in relation to the commissioning, procurement and contract management of all third party delivered goods, services and works.
- 2.2 It supports a 'one-council' approach to innovative commissioning, procurement and contract management and recognises the importance of the CP&CMU working in partnership with services throughout the Council.
- 2.3 It provides a framework to support all areas of the Council in adopting a consistent, comprehensive and robust approach to third party spend. It ensures due compliance and consideration of the Public Contracts Regulations, Welsh Government Procurement Policy, the Council's Contract Procedure Rules, and other associated legislative requirements
- 2.4 The Strategy focuses on ensuring that all contractual arrangements take into account the requirement to consider how the Council can actively improve the economic, social, environmental and cultural wellbeing of the local area in accordance with the sustainable development principle as required within the Well-being of Future Generations (Wales) Act 2015.

## 3 Legislation and Policy Requirements

### 3.1 Introduction

3.1.1 The Council will comply at all times with legislation and will support national policies and strategies where they can be demonstrated to support the achievement of the Council's objectives.

3.1.2 The following are examples of the current areas of focus for the CP&CMU's commissioning, procurement and contract management activities

3.2 **Public Contract Regulations 2015** - The overarching procurement legal framework, with which the Council and all other public bodies must comply. They are a key part of the Welsh Public Procurement Policy and compliance is required under the Council's Contract Procedure Rules.

3.3 **Welsh Public Procurement Policy Statement** – A set of 10 principles by which the Welsh Government expects public sector procurement to be delivered in Wales

3.4 **National Procurement Service** - established by the Welsh Government in 2013 to enable the Welsh Public Sector to collaborate more closely in procuring goods and services. It has procured National Procurement Service Agreements across seven areas of key spend i.e. Corporate and Business Services; Fleet and Transport; Construction and Facilities Management; ICT; People Services and Utilities; Professional Services; Food.

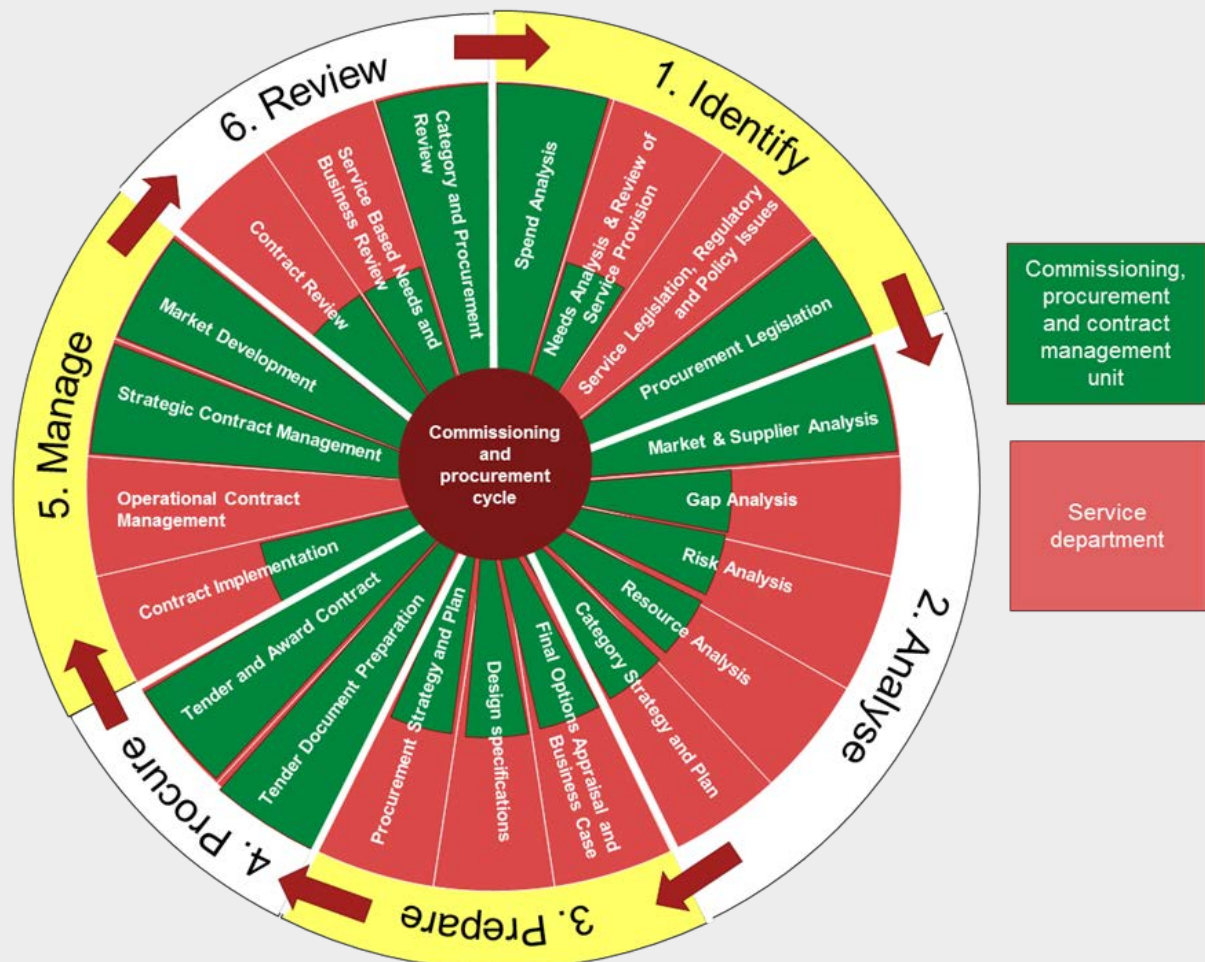
3.5 **The Wellbeing of Future Generations (Wales) Act** - focuses on improving the social, economic, environmental and cultural well-being of Wales. The guidance states, "the role of procurement will be an important part of how a public body allocates resources under the Act."

3.6 **The Social Services and Wellbeing (Wales) Act** - is about changing the way people receive health and social care and requires the Council to increase client and carer involvement in the design and procurement of their care and treatment, giving them more voice and control in relation to the services they receive. It also encourages greater consideration of the role that social enterprises, co-operatives, co-operative arrangements, user led services and the third sector can play in achieving the policy objectives of the Act

- 3.7 **Welsh Government Code of Practice Ethical Employment in Supply Chains** – this helps the Council to ensure lawful and ethical practices are evident throughout all commissioning, procurement and contract management activities and also the Council's supply chain. The Strategy delivers a commitment that supports the Council's development of ethical supply chains.
- 3.8 **Code of Governance** – The Council's Code of Governance sets out the required levels of ethics and conduct that are expected of all those who are involved in commissioning, procurement and contract management activities.
- 3.9 **Welsh Government Code of Practice on Workforce Matters** - designed to ensure that where public services are outsourced to a third party (including the private or third sector) and staff transfer or vice versa, then there is compliance with the relevant legislation to protect employee terms and conditions.
- 3.10 **The Wrexham Pension Guide** - supports the obligations placed upon the Council by the Code of Practice on Workforce Matters and helps ensure compliance with pension duty requirements when conducting commissioning and procurement activities
- 3.11 **Wrexham ICT and Digital Strategy 2017 – 2020** - supports and enables the Council's Strategic vision and priorities. It aims to use the power of digital technology.



4.1 The Strategy covers all elements of the commissioning, procurement and contract management lifecycle as demonstrated below. This is accepted best practice for organisations that are seeking to deliver value for money and an integrated approach.



4.2 **Commissioning - 1. Identify and 2. Analyse** - Where customer needs are identified, current spend is analysed and a category strategy is developed to determine actual requirements and extract maximum value for the Council.

4.3 **Procurement – 3. Prepare and 4. Procure** – Goods, works or services are specified, a procurement strategy is developed, a tender process is managed and the contract is awarded.

4.4 **Contract Management – 5. Manage and 6. Review** – Contracts are managed strategically and operationally, contract delivery and category performance is reviewed.

- 5.1 **Commissioning** is a whole system process from researching and analysing needs of residents to developing commissioning strategies and work programmes. It includes working with suppliers, customers and service users to develop, stimulate and redesign through co-produced specifications.
- 5.2 It enables services to be designed and commissioned that reflect current and future needs of a population and assists decisions on how to spend available resources to achieve the best possible outcomes.
- 5.3 **Procurement** is the process of acquiring goods, works and services from third parties. The process spans the whole life cycle from identification of needs, through to the end of a contract or the end of the useful life of an asset.
- 5.4 It is concerned with securing goods and services that best meet the needs of users and the local community whilst providing best value, in order to help achieve the Council's key priorities.
- 5.5 **Operational contract monitoring** is the day-to-day activities undertaken to ensure performance of our obligations and to ensure the contractor performs its obligations.
- 5.6 **Strategic contract management** is the activities undertaken to ensure that the contract meets contract and corporate objectives and provides value for money over the longer term. It involves proactive monitoring, review and management of contractual terms to ensure that what is agreed is actually delivered by suppliers or partners.
- 5.7 **Relationship management** is the management of relationships with the contractor and stakeholders, including end users.



## 6 Commissioning

6.1 It is important that the Council makes the best use of the funding available and continues to deliver high quality services which demonstrate value for money.

6.2 The Council will work with a variety of stakeholders e.g. service users, supply chain members, local authorities, Third Sector and the wider market to commission high quality services that are responsive and valued by the customer and ensure value for money and seamless services.

6.3 The Council's approach to Commissioning will help ensure:

- a) A consistent approach to strategic commissioning that focuses on meeting local need.
- b) All commissioning activity is well planned and coordinated
- c) We are clear about what outcomes we are aiming to deliver;
- d) We are able to measure whether or not these outcomes have been delivered and hold our providers to account;
- e) Local providers have full opportunity to participate in the commissioning process

### 6.4 Effective Commissioning

6.4.1 The effective commissioning of goods, services and works requires a strong focus on achieving outcomes for the end user. It is best achieved through a partnership approach between the Council, service users, providers and the wider market including the Third Sector.

6.4.2 In accordance with best practice, each stakeholder involved in the commissioning process should be proportionately involved in designing, specifying, contracting and managing service delivery and improvement.

6.4.3 The following principles will therefore be followed:

- a) What is the evidence base for spending the money?
- b) What outcomes are required?
- c) How will the money be spent?
- d) Did any previously procured related project/service achieve the desired outcomes?

## 6.5 Service Design

6.5.1 At the start of any commissioning exercise, it is important to clearly focus on how the goods, works or service will support the delivery of the Council Plan. This will include understanding what is already happening within the respective service area and / or procurement marketplace.

6.5.2 To achieve this, we will:

- a) Talk with and listen to our customers / service users
- b) Undertake research
- c) Engage with existing providers and the wider market

6.5.3 In doing so, we will increase knowledge; gain better understanding of the need that already exists and understand what will work well going forward. We will identify gaps in provision and recognise where improvement is needed.

## 6.6 Assessing Need

6.6.1 To assess what services are actually required, we will:

- a) Develop consultation and decision making processes to ensure the active participation of relevant Council officers, Elected Members, service users, providers and other networks.
- b) Assess need by demand, population and service user type where appropriate, taking into account, budget availability and current provision and the levels of service
- c) Identify unmet need and gaps in provision.
- d) Access available research, good practice and policy guidance
- e) Determine the role for the Voluntary and Community Sector in supporting research or delivery of service
- f) Identify if there is need for expert support or challenge to the needs analysis process
- g) Assess the current level of activity, service users served, outcomes being met and identify gaps.

## 6.7 Analysing Capacity

6.7.1 To analyse and understand capacity we will:

- a) Identify whether the market is ready to support the contractual requirements and service outcomes that are identified from needs analysis work.
- b) Consider gaps in service and identify what the market is capable of delivering and where it might need to be developed.

- c) Supporting capacity building with a wider supply base through targeted market engagement events.

6.7.2 To support assessments we will consider:

- a) Whether the service in question is a statutory responsibility of the Council.
- b) The number, size and capabilities of current and potential service providers.
- c) How much money is currently being spent and how it is contractually allocated.
- d) As applicable the split of spend between in-house and external provision

## 6.8 **Market Engagement**

6.8.1 To analyse markets we will:

- a) Identify how large is the current or potential supply market.
- b) Identify the level of service provision being delivered and available.
- c) Determine the potential for diversifying the current service being offered.
- d) Determine any need or potential for capacity building, especially in terms of co-production in the Third Sector
- e) Identify if the market can provide suitable alternative products and services.

## 6.9 **Service Design**

6.9.1 To ensure the design of service specifications fully meets requirements we will:

- a) Determine budget / funding availability and the sustainability of it.
- b) Embed good practice and policy requirements
- c) Learning from other Public Sector Organisation's experiences.
- d) Co-produce with Service users incorporating their experience and aspirations
- e) Provide clarity of desired outcomes
- f) Ensure there is sufficient and clear needs information available to inform the nature of service required.

- g) Ensure the service delivery model best meets the end user's needs and is best value for the Council.
- h) Identify models of service that are known to have proved effective in meeting needs
- i) Engage with the market and gather their expertise on models of service that might be appropriate
- j) Ensure presentation of a business case that considers funding for the service including its sustainability and what will happen if and when funding reduces / terminates.
- k) Ensure equality impacts of any service development proposals are completed
- l) Determine if required skills / resource are available within the Councils workforce (with / without workforce development) to provide the proposed development of service specifications and solutions.
- m) Ensure that all risks are understood, documented and are mitigated as far as possible e.g. supply chain risks.

## 7 Procurement

### 7.1 Introduction

7.1.1 This Strategy requires the highest standards of legal and procurement practice and that all procurement will be undertaken efficiently and effectively using innovative solutions where possible.

7.1.2 The use of a Category Management approach to procurement will:

- a) Secure value for money by aggregating expenditure where possible and utilising the Council's "purchasing power"
- b) Limit off contract spend and reduce the number of external suppliers
- c) Ensure compliance with Contract Procedure Rules

7.1.3 The Council recognises the positive impact it can have on local businesses and social enterprises. We will work to build upon local supply chains, work innovatively to create opportunity for them and ensure our processes do not present them with disadvantages.

7.1.4 Throughout all procurement activities we will (within the constraints of legislative requirements and value for money considerations) always review how our contracts can create opportunities for local businesses, either to bid for on a direct basis or to gain foothold via the supply chain of another appointed contractor.

### 7.2 Strategic Aims

7.2.1 To ensure Procurement is recognised and managed as a strategic function that influences early planning and service design and is involved in decision making to support delivery of overarching objectives we will:

- a) Ensure procurement activities are conducted in a co-ordinated manner and led via the Commissioning Procurement and Contract Management Unit.
- b) Adopt a local SME (Small and medium-sized enterprises) Friendly Procurement approach', to help ensure that our procurement activities help to make Wrexham and its surrounding areas a good place for doing business. Within the procurement legal framework we will aim to develop a strong local supply base, and contribute to a healthy economic infrastructure.
- c) Embed ways of working that are fair, open and transparent and that are in accordance with best practice principles and procurement legislative requirements.

### **7.3 Professionally Resourced**

7.3.1 The CP&CMU provides the appropriate level of professional resource to deliver key procurement activity in a strategic and co coordinated way.

7.3.2 It will manage categories of spend, develop strategic forward procurement plans and support the commissioning and management of service requirements.

### **7.4 Economic, Social and Environmental Impact**

7.4.1 Value for Money will 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 Council, but also benefit to society and the economy, whilst minimising damage to the environment.

7.4.2 To ensure value for money we will:

- a) Undertake procurement and commissioning activity, with due consideration of our duties under the Well-being of Future Generations (Wales) Act 2015.
- b) Continue to adopt and apply the principles of the Welsh Governments Opening Doors Charter to help ensure that local small to medium sized enterprises are given full opportunity to compete for and provide goods, services and works to the Authority.
- c) Within the constraints of relevant procurement legislation, encourage, support and develop local markets to maximise the local benefit of procurement opportunities

### **7.5 Community Benefits**

7.5.1 Incorporating Community Benefits in to relevant procurement opportunities can assist in the development of a vibrant Welsh economy capable of delivering strong and sustainable growth.

7.5.2 Sustainable development within procurement activities will assist in our aim of ensuring that our actions contribute in the round to improve the environment, build stronger communities encourage the development of the economy and as a result maximise delivery of social value

7.5.3 To deliver Community Benefits in accordance with Welsh Government Policy we will:

- a) Apply Community Benefit policy to all public sector procurements where such benefits can be realised.
- b) Adopt as relevant a core or non-core approach incorporating relevant and proportionate social requirements in to procurement exercises.
- c) Working in partnership with suppliers to deliver and measure positive outcomes delivered.



## 7.6 Open, Accessible Competition

- 7.6.1 We will ensure that there is openness and transparency in all procurement practices and processes.
- 7.6.2 All procurement procedures will be operated in a professional manner to ensure the highest standards of compliance, probity, openness and accountability.
- 7.6.3 In line with Contract Procedure Rules, contract opportunities will be open to all interested parties. Smaller, local suppliers will not be precluded from winning contracts individually, as consortia, or through roles within the supply chain.
- 7.6.4 To ensure open, accessible competition we will:
- a) Advertise applicable contract opportunities via [www.sell2wales.co.uk](http://www.sell2wales.co.uk)
  - b) Publish known forward contract programmes.
  - c) Hold 'Meet the Buyer Events to engage with local businesses and the wider supply community.
  - d) Encourage main contractors to use the 'Tier1' facility to advertise supply chain opportunities on [www.sell2wales.co.uk](http://www.sell2wales.co.uk).
  - e) Use appropriate 'lotting' strategies.
  - f) Promote fair payment terms throughout the supply chain, embedding suitable criteria within the supplier pre-qualification processes and ensuring suitable terms and conditions are evident within contractual agreements.

## 7.7 Simplified Standard Processes

- 7.7.1 Procurement processes will be based on standard approaches and use of common systems that appropriately minimise complexity, cost, timescales and requirements for suppliers. The use of e-trading software enables the 'procure to pay' cycle and the use of e-sourcing software enables the request for quotation and tendering exercises.
- 7.7.2 To ensure procurement processes provide efficient and effective ways of working for the Council and the suppliers that we deal with we will embed and regularly review procurement approaches in line with our Contract Procedure Rules, applicable Legislative / Policy requirements and best practice to ensure they provide appropriate internal rules of control.

## 7.8 Collaboration

- 7.8.1 The Council seeks to gain from sharing best practice and is committed to maximising opportunities for delivering better value for money through collaborative procurement arrangements.
- 7.8.2 It recognises the value that appropriate collaboration with our public sector partners has in maximising economies of scale and buying power. It is committed to consideration and usage of the Frameworks and Contracts produced by the National Procurement Service.
- 7.8.3 To deliver benefits from continued and new collaborative opportunities we will:

- a) Actively engage with the National Procurement Service in the production and use of their collaborative contracts and frameworks.
- b) Consider collaborative public sector contract opportunities available through the Government Procurement Service and various other Buying Consortia.
- c) Work in partnership with other authorities on relevant procurement issues to gain knowledge, share information and work to build any results obtained into our future procurement activity.

## 7.9 **Supplier Engagement and Innovation**

7.10 The Council will ensure dialogue with suppliers assists in the generation of a healthy market place willing and able to provide goods, services and works to the Authority,

7.11 To inform and develop suppliers to deliver optimum value for money we will:

- a) Ensure de-briefing provides adequate tender feedback.
- b) Use outcome based specifications where appropriate to encourage business innovation
- c) Use pre market engagement where appropriate
- d) Consider all procurement routes and innovative processes of procurement available under the European Procurement directives

## 7.12 **Measurement and Impact**

7.12.1 In accordance with good management practice, procurement performance and outcomes will be monitored to support continuous improvement. The Council will remain mindful and informed of the wider Public Sector's developments of Procurement activity and will share examples of good practice.

7.12.2 The Council recognises the benefits that can be gained through dialogue with similar Organisations and by benchmarking ways of working.

7.12.3 To provide a framework of procurement performance measures that are proportionate and help to drive improvement we will:

- a) Work in partnership with other public sector organisations to gain knowledge, share information and to build any results obtained into our procurement activity.
- b) Provide feedback to Welsh Government and give consideration to the approach that is promoted by them.
- c) Actively engage with the Welsh Local Government Association through the Heads of Procurement network.
- d) Develop internal reporting mechanisms to capture of outcomes achieved through procurement.

e) Engage with Welsh Government on future procurement capability and fitness check activities.

## 8 Contract Management

### 8.1 Introduction

- 8.1.1 Contract management is ‘the process of systematically and efficiently managing contract creation, execution, maximising operational and financial performance and minimising risk’. Put simply it is about ensuring that all parties to a contract fully understand their obligations and responsibilities and fulfil them as efficiently and effectively as possible.
- 8.1.2 Successful contract management is a process that requires different approaches according to the circumstances. As contractual arrangements become more complex more time and attention needs to be put into early contract management activities including implementation planning and establishment of the contractual arrangement. It also means we must establish and apply contract management practices, which ensure performance outputs, supplier relationships and contractual compliance, are addressed in the right way by the right people at the right time.
- 8.1.3 The Council will apply effective management resource and techniques to Contracts to ensure maximum performance and value for money is delivered. It will ensure that service delivery is satisfactory to both the Council and the supplier and will ensure value for money is being realised.
- 8.1.4 The Council will ensure that operational, strategic and supplier relationship management are proportionately considered against our contractual arrangements

### 8.2 Monitoring and Oversight:

- 8.2.1 To prepare effectively for contract management and provide effective oversight we will:
- a) Instigate a planned transition from the tendering/contract award phase to the contract operation and contract management phase.
  - b) Ensure contract ownership and management responsibilities are clear.
  - c) Establish a well defined process and a clear contract management plan, with a focus on outputs, performance and compliance
  - d) Ensure responsibilities and processes are aligned to an agreed Contract Management framework.

### 8.3 Resources

- 8.3.1 To ensure appropriate contract management resource is deployed to contracts we will:
- a) Have the required balance of departmental and CP&CMU resource an agreed allocation of roles and responsibilities
  - b) Apply resource levels in proportion to the importance / risk of the contract.
  - c) Ensure appropriate skills and contract knowledge (covering technical procedural and commercial awareness) are in place.

## **8.4 Processes**

8.4.1 To ensure suitable administrative processes are evident we will ensure:

- a) Copies of contracts are stored, logged, and easily accessible at all times.
- b) Key information is gathered and recorded in a structured format.
- c) Regular and ad hoc reporting of contract management information takes place
- d) Contract reviews, reporting dates, notice periods are actioned in a timely manner.
- e) Documents are retained in accordance with the Council's Corporate Records Retention Policy.
- f) All personal data is secured in accordance with the General Data Protection Regulations

## **8.5 Service Delivery**

8.5.1 To ensure delivery in line with requirements we will:

- a) Ensure we provide the Contractor with the information needed to deliver the service.
- b) Ensure performance standards are clearly understood and Implement appropriate and measurable Key Performance Indicators.
- c) Implement clear processes to handle operational problems and ensure resolution of issues as quickly as possible.
- d) Monitor overall contract compliance to ensure operational effectiveness and value for money.

## **8.6 Communications**

8.6.1 To develop sound communication channels we will:

- a) Provide regular and routine feedback to suppliers on their performance.
- b) As necessary ensure end users understand what the contract is intended to deliver and are as relevant involved in the assessment of supplier performance.
- c) Ensure changes in requirements are captured and considered as part of formal change and contract management processes.
- d) Conduct formal performance reviews with suppliers, documenting as necessary against improvement plans.

## **8.7 Financial Controls**

8.7.1 To provide financial control we will:

- a) Ensure payments made to the supplier are in line with contracted costs.
- b) Adopt efficient payment mechanisms that are clear and well understood by all parties
- c) Track costs and ensure they are appropriately mapped against budgets.
- d) Control payment changes after the contract is let, providing assurance that contract variations are made using contractual provisions / benchmarking and demonstrate value for money.
- e) Ensure subcontractors are paid in a timely manner, in full accordance with fair payment contractual clauses built in to our contractual agreements.

## **8.8 Risk Management**

8.8.1 To manage risk we will:

- a) Ensure contractual / supplier risk management (with clear responsibilities and processes) is in place.
- b) Formally identify risks and monitor them regularly, developing mitigating actions deleting 'obsolete' risks from consideration.
- c) Develop contingency plans to handle supplier failure
- d) Develop exit strategies and update through the life of the contract.
- e) Ensure contractual terms are understood and monitored.

## **8.9 Contract Control**

8.9.1 To maintain control throughout the life of the Contract we will:

- a) Conduct regular contract reviews. (to ensure it continues to meet needs)
- b) Ensure governance of contractual change – identifying who needs to approve what.
- c) Adopt value for money testing of change to contracts through benchmarking and market analysis.
- d) Ensure dispute-handling processes are in place to handle change related issues.
- e) Install clear contractual terms for any extension of the contract.



## 8.10 **Supplier Relationships**

8.10.1 To manage our relationships with suppliers we will:

- a) Apply an agreed approach to managing and developing the relationship with the supplier.
- b) Develop close supplier relationship management that generate value for both parties.
- c) Focus on capturing innovation from the supplier to create a win / win environment.
- d) Work together to continually improve service delivery and to maximise knowledge capture from suppliers.

## 8.11 **Market Influences**

8.11.1 To maintain awareness of outside market influences we will:

- a) Collect market intelligence to maintain an understanding of the status of the wider supply market and of alternative suppliers.
- b) Apply processes to evaluate and review service delivery options.
- c) Utilise intelligence to inform benchmarking, contingency planning and re-competition strategies.