

APPENDIX C

Caerphilly County Borough Council

Procurement Strategy

2013 - 2015

1. Introduction

The Council has set out its vision for developing and managing the living environment that it aspires to create for the residents and businesses of Caerphilly in a number of key documents. In its Procurement Policy, it has determined how it will use the procurement activity of the Authority to develop and support its aspirations.

The Council is committed to ensuring it achieves value for money from its third party procurement expenditure – circa, £170,000,000 per annum. It also recognises the value of using procurement to support its wider social, economic and environmental objectives, in ways that offer real long-term benefits to the community it serves and the people of Wales.

This Procurement Strategy sets out the means by which the procurement policy objectives will be achieved through prioritised action plans, effective procurement and operational management. These action plans will identify specific tasks and timescales that will help move us from where we are today to where we want to be.

2. Definition of Procurement

The process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.¹

3. Procurement Leadership and Governance Structure

The leadership and governance structure for procurement is

- Leadership through the Cabinet Members, Deputy Leader and Cabinet Member for Corporate Services.
- A Corporate Procurement Unit, which sits within the Corporate Services directorate.
- A Head of Procurement required to be involved in all procurement activities over £10,000, reporting to the Head of Legal Services.
- A clearly defined process of procedures and delegation of authority for procurement embodied in Standing Orders for Contracts, Procurement Code of Practice and Financial Regulations.

Procurement within Caerphilly is recognised and managed as a strategic corporate function that has good working relationships with internal customers and is able to organise, influence and understand expenditure. As a strategic corporate function, the Corporate Procurement Unit will be involved in Strategic Reviews of service provision and with internal customer teams in the design and development of

¹ Procuring the Future, 2006

business plans so as to be able to influence decisions concerning demand management and 'make or buy' requirements.

The Authority has a dynamic Sourcing Plan that is easily accessed by the Markets via the Council's internet site for external customers and suppliers and by internal customers via the intranet. Procurement is organised on the basis of a centre led action network, with the Corporate Procurement Team situated within the Corporate Services Directorate

4. Achievements to Date

Since our first Procurement Strategy in 2004, the Authority has moved forward in its Procurement activity to be seen today as employing a best practice approach and being recognised in 2010 with the WPGA Excellence Wales Award for Procurement

The Authority has an embedded culture of effective procurement, which takes into consideration the key principles of best value and transparency, whilst balancing the effective use of local markets. The Authority remains one of a few organisations that actively support bidders before and during the procurement process with a dedicated Supplier Relationship Officer, who is an integral member of the Corporate Procurement Team. The Procurement function within Caerphilly has been recognized as a best practice leader for many years, providing ongoing support and advice to other local authorities in the development of their procurement function and the management of strategic reviews.

The Authority has been at the forefront of eProcurement in the Welsh Public sector since 1996, also being the first local authority to implement the WG Exchangewales programme in 2008, following the successful joint pilot project undertaken by Caerphilly in partnership with Value Wales.

Social and Economic Regeneration has been another area of procurement focus. The Authority can demonstrate real achievements in taking forward key initiatives including Community Benefits and Sustainability.

Appendix A demonstrates our progress to date on spend profiling and the success of collaboration and risk management

5. Challenges

The Authority has many challenges to face over the coming years. Reducing budgets continue to impact on resource internally and reduce budget provision to provide for bought in goods and services. Effective Procurement can and should be used to assist and counteract these challenges. Our approach to Procurement has been developed to support the Authority going forward in these challenging times whilst maintaining high levels of innovation and customer satisfaction.

6. Aim of This Strategy

This Procurement Strategy is a key document and workplan, which sets out how the organisation will work to further develop its procurement capability and outcomes. The strategy is designed to help the Authority to hold to the principles set out in the Council's Procurement Policy, and as such has the full support and endorsement of senior management within the Authority

This strategy will enable the Council to: -

- Continue to manage spend effectively and to apply strategies that will bring about Social & Economic Regeneration through the skilful use of commercial agreements, which show commitment and give security to our local businesses.

and to;

- Continue to be recognised as a strategic contributor, adding value to the required service delivery outcomes that drive the activities of the organisation.

7. Procurement Policies.

To make the most of our purchasing power and to realise its Procurement Policies, the Authority has organised its objectives, initiatives, priorities and targets under the following 8 headings

7a. Management of Third Party Spend

The Authority will manage all Influenceable Third Party Spend via open, fair and transparent procurement, applying the Principles of the EU Procurement Legislation and WG Public Procurement Policy where applicable. Influenceable spend includes commissioning.

The Authority will control and manage its spend using best practice management, employing a wide range of eProcurement and Spend Analysis tools, supplemented as and when required with the WG Purchasing Card Scheme.

Third party spend including commissioning, will be managed via a central team of procurement professionals on a category basis.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
Fully managed 3rd party spend – approx £170 Million per annum	3 Years (Since 2009) – Yearly spend mapped against set criteria of Supply Positioning Model	Managed Supply base based on spend risk and organisation exposure	Supplier Positioning Model (Kraljic), SQuID, WG Procurement Policy	April 2015
Embedded Purchasing Strategy	Actively working towards a	All influenceable spend	Options appraisals	April 2015

which facilitates social and economic regeneration with a sustainable supply chain	dedicated supply chain who embed the core principle of Caerphilly into their working practices.	on contract with dedicated supply chain. Embedded policies on equalities, sustainability, fair pay. (Target being 80% of spend on contract)	Spend analysis Sourcing plan Supplier development SQUID	
Minimize procurement risk through the implementation of standardized processes and procedures	Standard processes and procedures already in place and adopted by WPC	Fit for purpose contract terms and conditions with robust specification	Use of appropriate terms and conditions – to include CCBC standard terms and conditions. NEC and JCT suit of terms and conditions	June 2014
Spend analysis used to gain insights into what the organisation buys and from whom, using this information effectively to report trends and take advantage of opportunities to achieve better outcomes	Spike Cavell 3 years spend analysis complete. Mapping process in place regarding on and off contract spend. Analysis used in conjunction with Dunn and Bradstreet to map organisation risk in relation to finance.	To reduce risk by eliminating unsuitable suppliers and allowing for the management and mitigation of inevitable risk associated with Public Sector Spend	Supplier positioning model Spikes Carvell spend analysis Dun and Bradstreet financial evaluation	April 2015
Options appraisals will be used to assess best possible options for service delivery. The authority will always consider insourcing, outsourcing and shared services when appropriate	Limited options appraisals in use due to authority position on externalization.	Identification of a realistic approach to options appraisals with due consideration to the use of social enterprises and the third sector	Option appraisal tools	December 2014
All specifications to be fit for purpose and used to facilitate	Flexible approach to specifications within the	Highly skilled procurement officers on	Standardized processes and	December 2014

change in markets to develop best in class delivery	procurement team with the use of the appropriate procurement processes	performance specification and outcome specification	procedure Procurement Route Planner	
The authority will publicise all appropriate contract (as per standing orders) opportunities over 25k. A 5 year forward workplan will be advertised on the authority's website	Contract advertised in accordance with standing orders for contracts.	Full advertising forward work plan of all appropriate contracts	Forward workplan Internet Sell2Wales	December 2013

7b. Collaboration and Commodity/Project Strategies

Collaboration and Joint working is at the fore front of Local Government. The Authority will use all appropriate forms of Collaboration which will enhance and develop the Procurement Activity within the Authority.

The Authority will continue to access collaborative arrangements where ever possible before commencing a new arrangement. The authority will use spend analysis to analyse spend data appropriate to collaborative working.

The Authority will address areas of common expenditure via detailed spend analysis and will participate in collective agreements with other agencies. This will include using standardised approaches and specifications to reduce duplication, to get the best response from the market, to embed best practice and to share resources and expertise.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
<p>Areas of common and repetitive spend addressed using effective collaboration to deliver core organistaion oboctives for the citizens of CCBC where appropriate</p> <p>This will also apply to Social Care and Commissioning. Collaboration will be considered when appropriate.</p>	<p>Active member of WPC. Commitment given to NPS for commodity areas:</p> <ul style="list-style-type: none"> • Information Communication and Technology • Utilities • Facilities and Management Services • Human Resources • Consultancy • Healthcare • Construction Materials (Outside the WHQS) • Furniture and Soft Furnishings • Mail Services 	<p>All common and repetitive spend identified for collaboration on collaborative agreement – fully supported.</p>	<p>WPC forward work plan</p> <p>NPS forward work plan</p> <p>SEWIC / 4C's</p> <p>Sustainable Social Services – Reports.</p>	<p>December 2013</p> <p>From 2013 onward considering NPS implementation plan</p>

	• Clothing			
Centre of Procurement Excellence	Provider of support to organisations such as Neath Port Talbot, Merthyr Council; Lead procurement on many high profile collaborative procurements	Provider of strategic procurement support to external organisation to secure procurement team Contributor to University of Glamorgan Procurement Best Practice Academy	Procurement route planner CIPS University of Glamorgan Individual Staff Training plan	During the lifetime of this strategy.
20% of spend on collaborative arrangements (total common and repetitive spend)	Currently between 15 -18% committed to collaborative arrangements	All identified collaborative spend on formal collaborative arrangements via NPS or WPC Identified common and repetitive spend on contract without contract leakage	e-procurement, including purchasing cards spend analysis tools NPS WPC	During the lifetime of this strategy and as the NPS and WPC collaborative opportunities come on line
Explore opportunities for Joint Commissioning with Health.	To be progressed	Better services and pathways to services for the customer.	Supplier positioning model Spend Analysis	During the lifetime of this strategy.

7c. Systems and Procedures

The Authority will manage all spend inline with internal procedures – Standing Orders for Contracts and Financial Regulations. Due consideration will always be given to all Council policies and procedures such as Equalities, Sustainability and Best Value. The Authority will adopt systems which will ensure robust and effective processes are in place to manage and control our procurement activity, end to end. Our e-Procurement tools (P2P, e-Sourcing, Contracts Register, Contracts Management and e-Auctions) will be supported by purchasing cards when appropriate.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
All spend will be in line with the Authorities Standing Orders for Contracts, EU Procurement Legislation and Financial Regulations.	Electronic purchasing, tender and contracts management systems are embedded in the administrative processes of the Authority that are supportive of the Governance and Regulatory requirements. Good progress is being made through tightening controls in these systems in driving increased compliance across the organisation	Purchase orders raised in advance of the requirement. Spend and contractual undertakings authorised by officers at appropriate levels. Tender processes undertaken in a consistent, controlled and compliant manner.	Purchase to Pay system (P2P), Contracts Management system, eTender system/ eSourcing system	During the lifetime of this strategy e-procurement in Wales develops
All spend to be managed through the Authority's e-Procurement systems, so as to ensure that the benefits of process automation and control are realised	End to end e procurement within Corporate procurement,	Organisation wide end to end procurement including e trading	Proactis eprocurement WG eprocurement tools as they become available	December 2014

<p>A formal contract management policy is used in conjunction with electronic Contract Management systems to ensure effective management and monitoring of contracts over their whole lifecycle</p>	<p>Authority wide Contract Register embedded in the organisation capturing all contracts let over £10k. Some compliance issues in terms of confirming capturing all contracts and required information. Good progress being made in using the Contract Register to measure spend under contract. Training of staff to improve the level of Contract Management skills is a requirement</p>	<ul style="list-style-type: none"> •Regular reviews ensure the arrangements for service delivery continue to be satisfactory to both customer and provider •expected business benefits and value for money are being realised • the provider is co-operative and responsive • the customer knows its obligations under the contract and responds positively • disputes are minimised and better managed • there are no surprises 	<p>Proactis Contracts Management system (upgrade version), policy and process improvement, staff training</p>	<p>April 2015</p>
<p>ePayments including eInvoicing and the Welsh Purchasing Card used to reduce payment processing costs and the number of low value paper invoices received by the Council</p>	<p>75% of all invoices received in 2012/13 had a value of less than £500. eInvoicing systems are in place but limited use to date due to unresolved compliance issues. Purchase cards used as a support mechanism for eProcurement ordering</p>	<p>A clear organisation structure and approach to eInvoicing and purchasing cards including a schools programme. A 25% reduction in the number of paper invoices received.</p>	<p>P2P system, corporate policies, Welsh Procurement Cards</p>	<p>December 2015</p>
<p>eAuctions</p>	<p>Ad hoc use</p>	<p>Formal structured work plan for the use of eAuctions identified from spend analysis data</p>	<p>Proactis eAuction model, Spikes Carvell data base, staff training</p>	<p>December 2013</p>

7d. Procurement Training

The Authority will ensure that adequate skills and resources are in place to carry out effective procurement and contract management, embracing Procurement as a strategic function. The skills and resource necessary to deliver effective procurement, including commissioning, will be deployed where needed, the Corporate Procurement function being a central team. This core team will consist of Procurement experts, eProcurement technical officers and supplier development specialists. Procurement will continue to be managed through a category/directorate approach, providing procurement expertise to support those areas of the organisation that have delgated procurement responsibilities.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
The organisation will develop the necessary procurement training plan which will address resource and skills gaps. This will take place as part of the Authority's PDR process.	All core Procurement staff CIPS qualified and receive continued professional development in line with WG policy and the Authority's PDR process	maintain fully qualified team, with appropriate skills sets to ensure continue professional development	VW Training Programme	During the lifetime of this strategy.
Fully skilled Procurement Team which undertakes going professional develop to implement the authority vision for procurement	All core staff CIPS qualified. Some staff measured against VW previous competency framework	Co-ordinated approach to future development. Within budget constraints	Skills Competency Framework	During yearly PDR progresses year on year
Continued professional development	All staff have yearly PDR's and regular 121's Skill and training needs identified	individual training action plan supported by the necessary budget	Authority's performance review process	During the lifetime of this strategy.

	inline with organisation policy.	provision	CIPS University Glamorgan best practice academy Skills competency framework	
Provide training and secondment opportunities to enhance procurement profession	Secondment opportunities in place for example Gwent police. Support to Merthyr Council and Neath Port Talbot	Confident procurement operatives who have obtained knowledge and skills from a wide range of procurement perspectives	Secondments opportunities WV Training programme Forward work plan	During the lifetime of this strategy.
Enhance legal awareness briefings to ensure all staff including those outside of corporate procurement area aware of the changes in procurement law and the trends in legal challenges to the procurement process	Monthly legal briefing received and circulated to all staff involved in the procurement process	More robust procurement process. Risk management in terms of legal challenges to the authority's procurement processes.	Route planner VW Training programme Legal briefing sessions Lessons learnt log	During the lifetime of this strategy.
Provide opportunities for new procurement professionals in order to develop and grow the profession	Support to VW procurement trainee programme since its establishment. To date 4 trainees placements have been allocated to CCBC	Continued support to the development of procurement. To bring innovation and learning into the team	VW trainee programme	During the lifetime of this strategy.
Skilled Officers who are confident in the decommissioning of services in particular, services within Social Services.	Limited engagement with Market. Unskilled Officers dealing with the decommissioning process.	Improved relationship with the supply markets. More responsible actions and improved governance in the decommissioning process.	VW Training Programme Spend Analysis Decommissioning road map.	During the lifetime of this strategy.

7e. Economic, Social and Environmental Impact.

The money we spend can and does change lives. The aim of the Authority is to manage its third party spend effectively to bring social and economic regeneration to the communities we serve. The Challenge is huge in terms of balancing and promoting open, fair and transparent procurement whilst ensuring that the local communities benefit. The Authority will actively support all businesses to help them bid for work with the Authority, seeking to ensure that the most appropriate route to market is taken each time.

Due consideration will be given to sustainable alternatives and carbon reduction during the procurement process to support the Authorities priorities in relation to sustainable development.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
Suppliers will be paid in a timely manner in accordance with good practice and recognition of WG guidance	The Authority monitors prompt payment performance and has set a target of paying 95% of commercial invoices within 30 calendar days. The outcome for 2012/13 was 94.2% and in respect of the WG target of paying on average within 10 working days, the target was achieved.	Local suppliers and so the local economy benefits from prompt payment and through improved cash flow All appropriate contracts to have the appropriate terms and conditions to promote prompt payment	Proactis P2P system, COA Accounts Payable system Appropriate terms and conditions	July 2014 July 2014
The Authority will use its	Terms and conditions of contract	The extended supply	Appropriate terms	July 2014

influence to promote payment of sub contractors by the main contractor in a timely manner	are being introduced in works related contracts requiring the payment of sub contractors in accordance with the Authority's standards	chain benefits from prompt payment and enjoys improved cash flow	and conditions and CCB community benefit model	
All appropriate contracts will incorporate Community Benefits as core and non core requirements	Key contracts have been let with the inclusion of Core Community Benefits	Benefits realised in relation to Social and Economic Regeneration. Sourcing Plan to highlight contracts with Community Benefits requirements. Community Benefits outcomes recorded and quantified	CCBC Community Benefit tools, WG Community Benefit tools and the Can Do tool kits	December 2013
All procurements will be supported by the appropriate sustainable risk assessment	SRA embedded as part of the procurement process. Evidence of completion of VW SPAF.	Robust and fit for purpose specifications which give due regard to sustainable alternative and carbon reduction	CCBC sustainable development strategy Route planner SRA tools	During the lifetime of this strategy.

7f. Simplified Standard Processes

Along with the introduction of electronic systems, the Authority will maintain simplified processes and develop standardised procedures and documentation for managing its procurement activity. The Corporate Procurement Unit has also adopted the Supplier Qualification Information Database (SQuID) documentation in its tender processes to streamline and simplify interaction with suppliers. The Authority will continue to refine this process to ensure open, fair and transparent procurement which is simple for all Suppliers and third sector organisations to use and adopt.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
Standardised Terms and Conditions have been developed and adopted along with standardised procurement documentation and processes.	Full suite of standard terms and conditions	Reduced transaction costs for Buyers and Suppliers through the adoption of standard process	CCBC Standard documentation: SQuID Route Planner KPI	December 2015 To be ongoing during the lifetime of the Strategy, taking in consideration changes in Law and Policy

7g. Supplier Engagement and Innovation

The Authority will use modern electronic systems to manage contracts and engage with suppliers, including Supplier Relationship Management (SRM) and eSourcing tools. All contracts will be uploaded to the central Contracts Register to ensure contract visibility and minimize contract leakage. The Authority will adopt a policy of early engagement with all suppliers to encourage and facilitate innovation in order to deliver better public services. The Authority will continue to support local SMEs and other organisations with a dedicated Supplier Relationship Officer who will provide support where necessary in bidding for Council business.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
Develop opportunities to Increase spend with the SME community by working to increase tender opportunities within the mix of procurement requirements	Analysis of 2012/13 spend shows that 58% of the Authority's total 3rd party spend was with SME's. This figure has increased from 55% in 2011/12. Within the WPC Local 12 area during 2012/13, 35% of local SME's invited to tender were successful. This has increased from 23% in 2011/12.	Increased spend with SME's within Caerphilly by providing improved access to information and training prior to procurement process to ensure the suppliers are ready to bid. All contract opportunities over £25k advertised via the Proactis Portal. Suppliers actively reviewing contract opportunity information on the 5 year work plan via the procurement webpage	Forward Workplan, Spikes Cavell Data, Procurement Clinic, Economic Development, Proactis e-Procurement, Supplier Development activities	During the lifetime of this strategy.

<p>Better prepared SME's in terms of knowledge of Procurement and e-Procurement requirements</p>	<p>Suppliers already benefit from being able to make appointments to attend regular Procurement Clinic's introduced to provide advice and guidance to suppliers on all aspects of Procurement / e-Procurement</p> <p>'Selling to the Council' guide is being prepared</p>	<p>SME's more confident of their ability to engage with the public sector when bidding for tender opportunities. Suppliers aware of and readily accessing the 'Selling to the Council' guide on procurement web page,</p>	<p>Procurement Clinic, Supplier Development activities, Construction skills Procurement Guide</p>	<p>During the lifetime of this strategy.</p>
<p>Streamline processes to make tendering opportunities less resource intensive</p>	<p>Streamlining of eTendering templates within the Proactis Portal has commenced</p>	<p>Significant reduction in the amount of repeat requests for supplier documentation during the tender process. Fully streamlined templates within the eTender system to eliminate the need for suppliers to resubmit information when tendering for more than one contract. Periodic documents such as; insurance certificates monitored and retained with Proactis portal.</p>	<p>Proactis e-Procurement system, Supplier training, Officer training</p>	<p>December 2013</p>
<p>Inter supplier Collaboration encouraged across the Supply Chain</p>	<p>Collaborative workshops have been held resulting in the formation of two inter supplier consortiums being formed by local SME's to bid for the WHQS Supply Partner arrangement</p>	<p>Consortium / Co-Operative groups formed by local SME's and actively tendering for higher value / longer term contract arrangements</p>	<p>The Co-operative Centre, Forward Work Plan, Supplier Development activities</p>	<p>During the lifetime of this strategy.</p>

<p>The Small Lots Exemption used more extensively to support SME's</p>	<p>Small Lots exemption applied to WHQS small lots work packages to give SME's the opportunity to successfully tender and win work</p>	<p>SME's benefiting from increased opportunities to bid for larger value works contracts that they would otherwise not be in a position to bid for</p>	<p>Forward Work Plan Officer training Supplier Development activities</p>	<p>During the lifetime of this strategy.</p>
<p>The supply chain developed to actively engage in providing Community Benefits as part of their contract obligations</p>	<p>Key contracts have been let with the inclusion of Core Community Benefits</p>	<p>For all appropriate contracts over £50k, Community Benefits model applied to all contracts for Goods, Works, & Services.</p>	<p>Community Benefits Model, officer & supplier training, Forward Work Plan, WG Community Benefits tool, Supplier Development activities</p>	<p>During the lifetime of this strategy.</p>
<p>As part of its strategy for managing risk, the Council will assess its exposure to Supply Voids. This is defined as a supply chain condition deemed to exist where the market is not naturally providing an adequate number or calibre of suppliers in response to a call for Competition. The Council will seek to assist suppliers to develop in areas of the supply chain where this condition has been identified as a problem.</p>	<p>Work on Supplier Positioning has helped in identifying the supply categories that are considered to be strategically critical in terms of the services that the Council delivers. An initial analysis has been carried out, which has categorised contracts and suppliers that sit in the strategically critical quartile of the Council's supply base</p>	<p>Sufficient numbers of suppliers of the right quality and calibre exist in all of the market segments of interest to the Council.</p>	<p>Spend Analysis Forward Work Plan, Supplier Development activities</p>	<p>April 2014</p>

7h. Measurement and Impact

The Authority will measure its impact of its procurement policy and strategy by obtaining customer feedback both internally and externally. The Authority will adopt key performance indicators which will support continuous development in our procurement policies.

Vision Statement	Current Position - Achievements	Vision Outcomes	Tools	Target Completion
Evidence via examples that the Council Services have improved through better Procurement	Case Studies evident that demonstrate benefits. No formal process for review	Lessons learnt review as a business as usual activity as the end of all appropriate procurements	Route planner, relevant case studies, Lessons Learnt – review process	December 2015
Positive Supplier feedback	Review process suspended. Need to introduce new process	Procurements which are fit for purpose and meets the customers needs	Benchmarking Reviews	December 2015
Young people, unemployed obtain positive apprenticeships through our supply base.	Appropriate Contracts include community benefits. Need to roll out to all directorates	Measured Success which will facilitate long term employment	Community Benefit Tools	December 2015
Our customers / users who use council services (residents, community organisations and partners) tell us that our procured goods and services meet their needs and are fit for purpose.	Limited user involvement however, success with WHQS Programme. Need to build on this success.	Regular customer surveys and feedback which will allow development of better procurements or specifications.	Customer Surveys Benchmarking Route Planner	December 2015

Where appropriate, users involved in the Procurement Process.				
The Authority makes appropriate use of the VW Policies and Procedures.	Authority support all policies where appropriate	Procurements let in line with WG Policy	All VW Policies	December 2014
Successful delivery of the Authorities Passport Programme via terms and conditions for contract	WHQS Contracts and other construction contracts supports the passport programme	All appropriate contracts including Social Services to include passport scheme	Passport Programme Route Planner	December 2015
Social Care Contract Monitoring Strategy	In-place. Needs alignment with a forward work plan / Sourcing Plan.	Improved services to the client	Social Services Route Planner Spend Analysis Key Performance Indicator for this area	During the lifetime of this strategy.

Appendix A

Strategic Security

High supply risk

Strategic Critical

<u>Strategic Security</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Total spend in quartile	£24.9m	£30.4m	£29m
Contracted spend in quartile	£14.4m	£20.6m	£22.3m
% with contracted suppliers	57.8%	68%	77%
% not contracted suppliers	42.2%	32%	23%
Collaborative	0.20%	32.20%	18.7%
Number of suppliers	351	451	403
Number of Local Suppliers	203	230	216

<u>Strategic Critical</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Total spend in quartile	£54.6m	£58.2m	£70.4m
Contracted spend in quartile	£48.1m	£48.1m	£62.7m
% with contracted suppliers	88%	83%	89%
% not contracted suppliers	12%	17%	11%
Collaborative	17.7%	17.46%	25.6%
Number of suppliers	282	292	301
Number of Local Suppliers	179	136	162

Low cost

High cost

Supplier Positioning (Kraljic) - CCBC Spend Comparison

<u>Tactical Acquisition</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Total spend in quartile	£31.7m	£35.7m	£33.4m
Contracted spend in quartile	£14.1m	£19.1m	£19.6m
% with contracted suppliers	44.4%	56%	59%
% not contracted suppliers	55.6%	44%	41%
Collaborative	16.1%	43.98%	12.4%
Number of suppliers	1028	1277	1006
Number of Local Suppliers	541	553	476

<u>Tactical Profit</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Total spend in quartile	£29.1m	£26.1m	£30.3m
Contracted spend in quartile	£17.7m	£16.6m	£19.3m
% with contracted suppliers	60.89%	64%	64%
% not contracted suppliers	39.21%	36%	36%
Collaborative	21%	63.83%	14%
Number of suppliers	457	591	508
Number of Local Suppliers	193	234	214

Tactical Acquisition

Low supply risk

Tactical Profit



Strategic Security

Strategic Security might be goods obtained from a monopoly supplier or items with a very tight or 'bespoke' specification. These items are critical to the operation, but are low in cost. For most councils this will include materials and parts used in property maintenance governed by old specifications and also some contract services such as specialist teachers and carers where there is a very high specification but a low demand.

High supply risk

Strategic Critical

Strategic Critical are categories that are high cost and either have a specialist nature or are sourced from a difficult market in which there are relatively few supplies or suppliers. These are critical to the overall profitability, competitiveness or capability of an organisation to deliver services. In most councils this will include a significant amount of spend on waste and outsourcing and social care, where specifications are tight and there is a supply shortage. From that base data, Caerphilly selected the categories that they felt were Strategic Critical to them. These are the categories that are of strategic importance to Caerphilly and have a high potential cost of replacement should they no longer be available. Caerphilly added a number of categories that did not appear in this quartile in the exercise carried out in the 10 LA's in the South East. These were included on that bases that they were of strategic importance due to the potential risk to health and reputation (e.g. food & drink) in the event of a supply chain problem.

Low cost

Definitions - Supplier Positioning (Kraljic) - CCBC Spend Comparison

High cost

Tactical Acquisition categories will be of low value and with a low business exposure because they have no special quality, safety, reliability or environmental implications and there are probably many suppliers in the market able to meet the demand. For the most authorities, this would include stationery items, IT consumables and some catering supplies.

Tactical Profit categories are of relatively high cost but where there are no quality, safety, reliability or environmental issues and where there are likely to be plenty of suppliers. Purchases here are unlikely to contribute directly to the provision of services and often include items such as vehicles, contract services, IT equipment and utilities.

Tactical Acquisition

Low supply risk

Tactical Profit

APPENDIX C

Caerphilly County Borough Council Procurement Policy 2013-2015

In carrying out procurement activity Caerphilly County Borough Council will:

1. Look for the best overall outcomes from our procurement activities awarding contracts on the basis of value for money to the most economically advantageous tender, taking into account cost and quality.
2. Define 'value for money' as 'the optimum combination of whole-life costs and quality to meet the user's requirement' and thereby use appropriate criteria to consider value for money in the widest sense.
3. Conduct our procurement activity in an ethical, fair and transparent manner, in accordance with the Professional Code of Ethics of the Chartered Institute of Purchasing and Supply.
4. We uphold the Authority's and Welsh Government's principles of equality and diversity in all aspects of this operation, and we expect our suppliers and contractors to adopt a similar approach to this issue. Continue to embrace all the principles in the 'Opening Doors' the charter for Small and Medium sized Enterprises (SMEs) and therefore:
 - i. Consider the potential impact of procurement strategies on SMEs prior to making decisions through use of the Sustainable Risk Assessment tool on all tenders over £10K in value;
 - ii. Identify and remove barriers to business with SMEs, including taking a risk based approach to financial assessment, simplifying our documents, and providing useful tenderers de-briefing to help suppliers improve;
 - iii. Ensure our processes create a level playing field for all suppliers;
 - iv. Make it easier for suppliers to talk to us, including publishing guidance, providing briefings and contact information;
 - v. Where appropriate packaging large contracts into separate elements or using regional lots, or encouraging larger first tier suppliers to provide opportunities for SMEs to deliver elements of our contracts;
 - vi. Becoming more familiar with Small and Medium Sized Enterprises in Wales (SMEs) and the services provided;
 - vii. Publishing all appropriate contracts above £25K on www.sell2wales.co.uk; and
 - viii. Treat all suppliers fairly and pay within 30 days from receipt of a correct invoice

- ix. Provide dedicated support to the supply base via Supplier Relationship Officer on all aspects of the procurement process.
5. Embrace Sustainable Development principles to influence all aspects of procurement to ensure that environmental, social and economic factors are considered within the framework of value for money, and to encourage all our suppliers to adopt a similar approach through:
 - i. Application of the Sustainable Risk Assessment (SRA) tool to all contracts over £10k and through our contract management processes.
 - ii. Utilisation of the Sustainable Procurement Assessment Framework (SPAF), tool to measure and monitor performance and drive on-going improvements to achieve and maintain level 5.
6. Support 'Delivering beyond Boundaries' policy by taking a collaborative approach to procurement, working across Departments and where appropriate with other sectors to improve outcomes. Work in accordance with the Sourcing Strategy to maximise opportunities from collaboration to include NPS and WPC.
7. Improve processes for both us and our suppliers, maximising the benefits to the business from the introduction and delivery of end-to-end electronic trading in all formal contracts.
8. Work in partnership with the business community, developing good channels of communications to improve our understanding of the market in order to foster social and economical regeneration.
9. Supporting the Authority's Aims and Objectives such as The Living Wage, Fair Payment Policy, and use of Local Companies (Caerphilly CBC Boundaries).