



Belfast City Council

Draft Corporate Procurement Strategy 2014 – 2017

(For consultation)

July 2014

Foreword

From the Chair of the Strategic Policy & Resources Committee

As Chair of the Strategic Policy & Resources Committee I welcome and commend this innovative and forward thinking strategy, especially during these exciting times for the Council.

Belfast City Council has always recognised the importance of procurement activities at both city and regional level. It is a key piece of the Council infrastructure required to deliver its ambitions as outlined in the corporate plan, investment programme and local government reform.

This strategy is directly influenced by the Council's ambitions and I believe it will support our rate base, maximise Council resources and minimise costly legal challenges. This will be achieved through its key themes of ensuring compliance, fostering a commercial approach to procurement, delivering VFM and supporting the local economy.

The recognition of the capabilities and professionalism of our people is welcomed and essential to the success of the strategy. The commitment to support our people, increase capability and professionalism, create innovation and drive continuous improvement and commerciality is a key reflection of the important role officers from across the Council have in delivering this strategy.

Council officers have begun many of the themes that are included in the strategy – demonstrated by breaking contracts down to suit small to medium businesses where it makes sense to do so and the promotion of a 'buy local first' approach.

I would encourage businesses to see this strategy as an opportunity to conduct mutually beneficial business with Belfast City Council. Being outwardly focused and consulting with our local business sector has informed our thinking and reinforced our commitment to the local economy. This strategy aims to capitalise on the success this engagement has achieved.

The strategy is typically ambitious in what it attempts to achieve. However, it is only by stretching ourselves will we know our limits. I ask that all Members and officers help to deliver it by embracing its purpose and objectives.

I look forward to receiving updates on its success.

Alderman Gavin Robinson
Chair of Strategic Policy & Resources

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Key Highlights arising from this strategy are:

Increasing organisational capability and professionalism

This will be achieved through increasing a commercial approach to procurement whilst maintaining the capability and professionalism of our people and ultimately of the procurement service. This will involve decentralised procurement, contract and category management.

Category Management

A Category Management based approach embracing commerciality, budget/spend, risk, market/value analysis and strategic supplier management will be adopted which enables differing procurement strategies to be developed appropriate to the type and complexity of the specific procurement /business area and assist in service transformation.

Departmental Licensed Buyers

Licensed Buyers within Council departments shall be introduced. These will be staff with a procurement role or responsibility. This will strengthen the procurement function, contributing to the standardisation and streamlining of the procurement process. As well as providing skills and processes to identify and realise efficiency savings they will increase capability and professionalism within the service, thus demonstrating our commitment to our people in terms of investing and recognising capability and professionalism.

Contract Management and Strategic Supplier Management (SSM)

Updating guidance and training on contract management guidelines allows for effective performance and risk management of contracts. By ensuring providers are delivering what is required of them, to the agreed standard and at the right times we will:

- provide high quality public services,

- drive a commercial approach to contract management
- deliver value for money (VFM),
- drive continuous improvement in service delivery
- provide benefits to the local economy and environment,
- identify and make efficiencies, and
- maintain our reputation and relationships with suppliers.

Opening up the procurement process

Corporate Procurement, along with the Council's Economic Initiative team and other stakeholders, will seek to open up the procurement process through engagement with suppliers, SMEs, SEEs, community and voluntary sectors to increase capability and capacity to participate in Council procurement processes. This will promote equality of opportunity for all these organisations.

The Procurement Strategy is clear that appropriate competition and adherence will be applied, with all procurement bids being assessed fairly and all suppliers competing equally.

Enhance Managed Information Systems

A Supply Relationship Module (SRM) improvement plan has been developed to ensure SRM contributes efficiently and effectively to the success of the procurement function. The improvement of the 'procure to pay' process will lead to more efficient and effective ordering across the Council. Using the system effectively will help ensure achievement of VFM.

Engagement

A communication and engagement plan will be developed to enhance internal and external involvement and collaboration in the realisation of this procurement strategy. This will involve establishing key stakeholders impacted by this strategy, both internally within the Council departments and externally in the business and communities of the local economy on an ongoing basis.

Introduction

Belfast City Council recognises that procurement excellence requires a strategic organisational function. It aims to be integral to and integrated with the Corporate Plan and Investment and Efficiency Programmes. It also defines our values which are inclusive of the Council's Values and the Nolan Seven Principles of Public Life (see Appendix 1). Utilised effectively, efficiently and equitably a strategic procurement approach delivers a range of benefits including;

Benefits Summary

- **Achievement of organisational objectives,**
- **Efficiencies through service transformation solutions,**
- **Improved risk management in the awarding of contracts,**
- **Increased VFM through a commercial approach to contract management and procurement,**
- **Identification and realisation of efficiency savings when letting contracts,**
- **Local and regional economic benefits,**
- **Robust procurement legislation and EU directive compliance,**
- **Recognition of diversity and promotion of equality of opportunity in accessing services and participation in the procurement process,**
- **Driving continuous improvement and improved service delivery,**
- **Robust management information on which to base future procurement decisions.**

Purpose

To transform and create the development of an effective, collaborative and co-ordinated purchasing effort within the Council which will support and contribute to the corporate vision, thus;

“ensuring that the council will take a lead role in improving quality of life, now and for future generations, for the people of Belfast by making the city and its neighbourhood’s better places to live in, work in, invest in, study in and visit.”

This shall be achieved through our key themes of **ensuring compliance, delivering value for money through a commercial approach to procurement and supporting the local economy.** To do this we will deliver the following **outcomes**:

- Create a compliant, integrated, strategically managed procurement function within the Council which delivers service excellence for internal and external customers and stakeholders
- Identify and realise efficiency savings and demonstrate VFM through a commercial approach to procurement
- Manage and maximise the potential of the Council’s procurement spend to support the local economy and environment.

Objectives for the period 2014-2017

The following objectives have been identified:

1. Support the delivery of the transfer of functions under Local Government Reform
2. Embed a commercial approach to procurement and contract management
3. Establishment of a new structure for the corporate procurement function throughout the Council supported by policies and procedures with better governance arrangements
4. Procurement cash savings of £1M by financial year 2015/16
5. Delivery of the capital investment programme 2012/2015 to time and budget
6. Delivery of VFM and continuous improvement
7. Increase the amount and influence of Council spend in the local economy

Key strategic enablers/drivers:

1. People and organisation

2. Economic and environmental sustainability

3. Processes and systems

4. Performance management

These enablers/drivers consolidate the key themes of the strategy and will drive continuous improvement and achievement of the outcomes, key improvement initiatives and objectives.

1. People and Organisation

The organisation will be supported by an integrated, commercially and market orientated, fit for purpose team of procurement personnel. We will capitalise in the skill sets of all those tasked with procurement across the organisation and recognise the capabilities, capacity and professionalism of our people. Our people will be supported by appropriate organisational structure with a clear vision and objectives, roles, responsibilities and governance systems. The organisation will invest in increasing the capability and professionalism within procurement delivery, encouraging and supporting development, innovation, engagement and continuous improvement.

2. Economic and Environmental Sustainability

Belfast City Council embraces its responsibility to support the local economy and environment through the Council's corporate plan, investment, efficiency and sustainability programmes and the integrated economic strategy, a key element of which is the introduction of social clauses. The procurement strategy is developed to ensure economic and environmental costs and benefits are central in our category, contract and risk management approaches. The strategy will identify and realise efficiency savings and demonstrate VFM. Whilst achieving efficiency saving and VFM it will

also maintain a beneficial balance between the two, as required. It will pursue the creation of positive environmental impacts arising from Council activity and minimise any negative impacts. This will be achieved through a risk based category approach and opening access to procurement opportunities in the supply chain within the diverse market of the current Council boundaries and those post Local Government Reform.

3. Process and Systems

We will implement best practice procurement policies and procedures which make optimum use of available technologies to streamline the associated processes and improve compliance and management information, support staff and increase access to the procurement function for potential suppliers with a key emphasis on those from within the Council boundaries.

4. Performance Management

Performance management will be concentrated and embedded within our procurement process and contract management approach. Measuring our performance against challenging and stretching Key Performance Indicators (KPIs) (See Appendix 4) and Performance Indicators (PIs) is a key theme of our strategy and supports the effective management and scrutiny of the service across the Council by the Head of Contracts. Performance management will be central to engaging our people and suppliers, making strategic analytically based decisions, managing risk and achieving objectives. This includes the use of an annual analysis of spend and business plans of the organization to inform our approach.

These strategic enablers have been developed in conjunction with the Council's Corporate Plan, Investment, Procurement Improvement, Sustainability and Efficiency Programmes, Economic Development and Social Clause Strategies, Industry Best Practise, benchmarking and staff engagement providing a strategic focal point to implement the key improvements to achieve outcomes and objectives.

Our Mission Statement

Our strategic enablers are supported by the following mission statement;

We will promote a commercial approach, ensuring probity, transparency and effectiveness in providing a first class procurement function throughout Belfast City Council in support of corporate objectives, values and the Nolan principles of public life. *See Appendix 1*

We will be an efficient, customer focused, sustainable and collaborative business function that embraces diversity and treats all stakeholders equally and equitably and promotes development, innovation and engagement to continuously improve. Together our drivers and mission statement will realise our strategy, objectives and purpose.

Key Themes; what we mean:

1-Ensuring compliance

We will ensure this strategy in terms of organisational structure and approach, capability and professionalism, processes and systems and governance is effective and congruent, supporting internal and external compliance obligations. This includes adherence to legal, risk management, environmental, diversity and equality obligations.

2-Delivering value for money through a commercial approach to procurement

Given the economic climate, we will provide services which are effective, efficient and embed a commercial approach that delivers VFM. In the context of procurement, this means securing the best commercial outcomes (e.g. service quality and availability, environmentally sustainable buildings etc) in the most efficient way (e.g. speed, simplicity and automation of process) on the most cost effective basis.

3-Supporting the local economy

We define the local economy as being the geographical areas of Belfast boundary post LGR; Greater Belfast and Northern Ireland and the businesses and communities within. We are committed not only to increasing the level of spend in the local economy and maintaining the current supply base, but also to making the most of the resources we have to maximise the economic, social and environmental benefits for the local economy and communities resulting from spending processes, practices, and choices. This includes increasing capability to participate in tender processes.

Strategic Context

Overview

The current economic climate has heightened the financial pressures on Council budgets. Elected Members consequently asked for improved financial management to identify and realise efficiency savings, demonstrate VFM and deliver support to the local economy.

Procurement is recognised as a function that can drive commerciality and deliver efficiencies, VFM and local and regional economic benefits. Belfast City Council acknowledges that procurement is a strategic organisational function which has to be integrated with corporate plans and objectives and ingrained within organisational culture and values. It is also recognised that the procurement function should be externally focused and engaged to ensure that strategies employed offer the relevant support for the local economy.

This procurement strategy is designed to be congruent with Belfast City's Corporate Plan and Investment Programme incorporating the efficiency and procurement improvement programmes, the integrated economic strategy, local economic context and Local Government Reform and an understanding of our profile of expenditure.

Belfast City Council Corporate Plan

The Corporate Plan contains challenging objectives which include; supporting the local supply base and maximising the potential of our procurement to achieve efficiencies, while keeping rate increases within the limits set by elected members.

Council Investment programme

The 2012/2015 Investment Programme incorporates major Council-led and partnership developments designed to deliver significant benefits to Belfast. Of specific relevance to procurement are:

- Capital investment - £150 million to help build city and community assets and support employment in construction and other sectors, as part of an overall £150

million physical Investment Programme; and

- Support for local business - a range of schemes including increasing the amount of Council procurement sourced locally by 10% to a total of 60% by 2015
- The introduction of Social and Community Benefit Clauses into Council contracts.

Procurement Improvement Programme

Embracing the opportunities and challenges of the Corporate Plan and Investment Programme, the Council undertook a VFM review of the organisation's approach to procurement.

The review produced a range of recommendations to enhance the procurement function's performance. Crucially, in responding to the recommendations, a transformational Procurement Improvement Programme was developed and resourced. This is currently being implemented with a range of improvements incorporated within this strategy designed to deliver the Improvement Programme and strategically integrate the procurement and corporate aims and objectives. This will be completed by August 2014. See Appendix 2.

Following the delivery of this programme continuous improvement will be sought as this strategy is embedded across the Council.

Council Efficiency Programme

The Council-wide Efficiency Programme has been set a target to deliver £20m in cash savings across the Council by 2015/16. There is a further expectation that, post 15/16, additional savings will be delivered as we continue to roll-out the new corporate approach to procurement. Delivery of procurement efficiency savings is a vital project within the Procurement Improvement Programme and aims to deliver:

- a consistent and professional approach to procurement across the Council, demonstrating VFM; and
- £1m of procurement cash savings from revenue by 2015/16.

Local Government Reform

Local Government Reform will reduce the number of Councils in Northern Ireland from 26 to 11 by April 2015. The overall aim of the reform programme is to make local government stronger, more effective and more citizen-focused.

The Council will remain the largest in Northern Ireland. It will grow to include more citizens and businesses within a wider geographical area and have new powers transferred from central government.

The Procurement Improvement Programme and this Procurement Strategy will ensure an effective transition of the procurement function post April 2015. This is due to the dynamic, improvement driven, customer and market orientated nature of the procurement function that will be delivered.

Local Government Reform will create and improve existing opportunities for procurement collaboration across Councils. Belfast City Council remains committed to participate in such initiatives where they can deliver improved outcomes in line with corporate objectives. The Council has participated in and acted as lead authority in several contracts over recent years and envisages not only continuity but expansion and improved performance in this area post April 2015.

Draft Integrated Economic Strategy for Belfast 2015-2020

Jointly commissioned by Belfast City Council and Invest Northern Ireland the Integrated Economic Strategy sets out the strategic framework for economic transformation of the city by 2020. The ambition of this strategy is to make Belfast:

- A competitive and internationally connected city
- A learning city developing the knowledge and skills of its people
- A people centred and inclusive city actively linking need with economic opportunity
- A sustainable city with its own distinctive development approach

- An accountable city with an inclusive participative and transparent partnership for economic development.

Regional significance

Belfast is Northern Ireland's commercial and educational hub and the key driver of its economy. Belfast's business landscape, similar to that of the wider region, is a small business economy. 80% of businesses employ fewer than 10 employees with 96% of companies employing less than 50 people (small businesses). The city is also home to many social enterprises; 7% of businesses in the Council's Annual Attitudinal Survey of Enterprises in Belfast in January 2013 identified themselves as social enterprises.

Procurement Outcomes for the period 2014-2017

Table summarising the linkage with outcomes the objectives and key the initiatives.

Outcome	Objectives	Key Improvement Initiatives Examples include:	Performance Measures
Create a compliant, integrated, strategically managed procurement function within the Council which delivers service excellence for internal and external customers and stakeholders	<ul style="list-style-type: none"> • Establishment of a new organisational structure for the corporate procurement function throughout the Council, supported by congruent policies and procedures with enhanced governance arrangements 	<p>Lead and participate in public procurement collaborations</p> <p>Maximise procurement efficiency opportunities from LGR</p> <p>Explore and prepare for exemplar status accreditation</p>	<p>3% increase in spend with SMEs by 2015</p> <p>10% increase in spend with local suppliers to 60% by 2015</p> <p>70% of suppliers satisfied with procurement processes by 2015</p>
Identify and realise efficiency savings and demonstrate VFM through a commercial approach to procurement	<ul style="list-style-type: none"> • Delivery of the capital investment programme 2012-2015 to time and budget • Support the delivery of the transfer of functions under Local Government Reform 	<p>Assist in delivering service transformation</p> <p>Produce an annual analysis of spend to identify efficiency opportunities</p> <p>Add best VFM in terms of price and quality</p>	<p>£1million cashable savings from procurement including programme of tenders and renegotiation of selected contracts</p>
Manage and maximise the potential of the Council procurement spend to support the local economy and environment.	<ul style="list-style-type: none"> • Embed a commercial approach to procurement and contract management • Procurement cash savings of £1m by financial year 2015/16 • Increase the amount and influence of Council spend in the local economy. • Delivery of VFM and continuous improvement 	<p>Achieve efficiency savings targets</p> <p>Introduce Robust Social Clauses within contracts</p> <p>Use of local multiplier model (LMM) to measure the economic impact of procurement activity and develop strategically targeted action plans.</p> <p>Ensure staff have the right skills, are in the right place at the right time</p> <p>Identify opportunities within the capital programme to make buildings environmentally friendly</p>	<p>Increase Percentage of top suppliers with contracts by 5%</p> <p>Value of contracts awarded to suppliers who have environmental systems in place</p> <p>100% compliance</p>

Resources to achieve our strategic outcomes

This comprises Head of Contracts, Corporate Procurement Services, Project Management Unit and departmentally devolved procurement staff. See *Appendix 5 Governance structure*.

Head of Contracts

Will provide strategic leadership across the procurement function championing the strategy to oversee and maximise the benefits of a strategic procurement function with a proactive approach to fostering a commercial procurement ethos and managing internal processes.

Corporate Procurement Services (CPS)

The proposed new Unit is made up of analytical and operational services and strategic operations. They will manage the strategy, governance, management information and analysis of data. They will also provide procurement expertise and challenge across all council procurement activity and embed a commercial approach to procurement. The Unit will specifically lead on the coordination and delivery of a £65 million spend per annum on supplies and services contracts either devolved or centralised and assist in the delivery of service transformation identified by Chief Officers. (See Appendix 7).

Project Management Unit

The Project Management Unit is central to the delivery of the Council's capital programme and sits alongside Corporate Procurement Services to support the delivery of the capital programme. It has oversight and acts as a category

management specialist for all construction and capital works.

It also has responsibility for delivery of Capital investment - £150 million to help build city and community assets and support employment in construction and other sectors, as part of an overall £300 million physical Investment Programme over the next 10 years. (See Appendix 8).

Departmental devolved procurement

Individual departments in conjunction with CPS will manage quotations under £30k and contracts through licensed buyers and contract managers.

- **Licensed Buyers**

Departmental staff with procurement responsibility; supported by training and CPS to deliver the objectives of this strategy. Licensed buyers will share best practice, drive continuous improvement and increase compliance and capability in decentralised procurement activities.

- **Contract Managers**

Manage their contracts as per contract management guidance ensuring effective risk, performance and relationship management, compliance, VFM, efficiency savings and continuous improvement. CPS will provide support when required through category (See diagram below) and contract management approaches and a management information and assurance role.



Review and Monitoring

In line with the Council's performance management systems the outcomes and the associated objectives will be measured as outlined in the table in Appendix 3. Where possible, these indicators will be collated and reported at departmental and Service levels where there is significant spend so as to be meaningful to each directorate.

The Strategy will be delivered and reviewed through collaboration with business units and their business plans. Progress against the Strategy and Category and Contract Management Plans will be monitored centrally in CPS and progress will be reported through the business as usual planning.

Licensed buyers will be subject to continual professional development and assessed periodically in order to retain the designation of 'licensed to buy' on behalf of the organisation. Subject to Chief Officer approval and where resources allow, a graduate training post will be supported. In line with the Council's learning development policy all staff involved in procurement will be supported in their attainment of a relevant professional qualification.

A continuous assessment of resources allocated to procurement will be undertaken by the procurement manager and a report forwarded to Chief Officers when required.

Appendices

Appendix 1: Corporate Values and Nolan Seven Principles of Public Life

Appendix 2: Procurement Improvement Programme 2012 – 2014

Appendix 3 Read across for Performance monitoring; Relationship between the Improvement Initiatives and Outcomes

Appendix 4 Strategy Performance Indicators

Appendix 5 Procurement Governance

Appendix 6 Functions of Corporate Procurement Services

Appendix 7 Functions of the Project Management Unit

Appendix 8 The role of the Licensed Buyer (to be included)

Appendix 9– Contract Management (to be included)

Appendix 10 – Analysis of Spend 2012 – 2013 (to be included)

Appendix 11 – Communication & Engagement Plan (to be included)

Appendix 1

Our Values

Our corporate values are integral to the way we work. These values underpin everything that our elected members and employees do and the way we will deliver our objectives.

We will:

- **focus on the needs of customers, foster a ‘can-do’ attitude and be problem solvers** – providing first-class services which are responsive to citizens’ needs and continuing to ensure that the council is a place where things happen;
- **provide value for money and improve services** – delivering high quality, VFM services at all times and continually improving the services we deliver;
- **work together** – working with our partners to make sure that our combined efforts contribute to the continued success of Belfast;
- **respect each other, be fair and promote equality and good relations**– improving access to our services, valuing diversity, ensuring that everyone shares in the city’s success and tackling discrimination, in all its forms, by treating all communities and people equally;
- **act sustainably** – using our resources effectively and efficiently and promoting the principle of sustainability in all our activities;
- **ensure high standards of health and safety** – maintaining the highest possible standards at all times to protect our staff and all those who use our services; and
- **value our employees** – continuing to support our staff to help them fulfil their potential.

Nolan’s Seven Principles of Public Life

These principles of public life apply to anyone who works as a public office-holder.

Selflessness-Holders of public office should act solely in terms of the public interest.

Integrity-Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity-Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability-Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness-Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty-Holders of public office should be truthful.

Leadership-Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix 2 Procurement Improvement Programme 2012 - 2014

Project Title	Project Completion Date	Comments / Overview	Current Status
Appoint a Head of Contracts	Completed	Donal Rogan appointed Head of Contracts.	Appointed January 2012
Increase Local Spending	March 2015	Use of BCC spending power to increase Local Economic activity.	Economic Initiatives working with key stakeholders to develop a local multiplier model with CLES. Report on "Buy Local First" initiative approved and communications will remain ongoing during 2014.
Introduce Social Clauses	March 2015	Use of social clauses and community benefit clauses in BCC contracts.	Consultants have been appointed to draft social policy – decision made by CMT to go for a narrow approach.
Efficiency Savings Programme	September 2013	Overall target for the Procurement Improvement Programme is £1million of cash savings from revenue budgets.	To date, £488k of cash savings have been realised, leaving £512k to be realised in 15/16.
Strategy Development and Implementation	June 2014	Development and implementation of a corporate procurement strategy which ensures alignment with the objectives of the Procurement Improvement Programme.	A draft strategy has been produced and is awaiting sign-off. The next stage of the approvals process will depend on any decision made around Exemplar Status.
Policies and Guidelines	December 2013	Review and develop a suite of appropriate policies and guidelines to support procurement and contract management.	Being developed in line with the strategy. Relevant policies and guidelines have been identified and planning process is underway for the delivery of these.
Establish Governance Structure	June 2013	Establishment of clear governance arrangements for the management of procurement across the organisation – to maximise compliance, efficiency opportunities and local procurement spend.	A governance model was developed in line with the draft strategy and was approved by CMT in September 2013.
Define Future Role of Procurement Unit	June 2013	Agree and adopt an approach and role for the procurement function and departmental procurement within the organisation.	A document outlining the future role of Corporate Procurement Services (CPS) was developed and approved at CMT in September 2013.
Development of Performance Indicators	June 2014	Value for Money indicators to be implemented to enable ongoing monitoring.	Interim PIs have been established and are to be developed further in line with the annual planning process.
Develop Interim Resources Arrangements	August 2012	To enable operational continuity during the roll-out of the procurement improvement plan.	5 x FTE interim posts were approved until March 2014. 2 posts appointed via internal trawl and specialist agencies used to fill 2 of the 3 remaining posts.
Enhance Gateway Review Process	TBC	Already exists but on a limited scale – to be further enhanced and applied to act as an effective challenge in all circumstances.	Process to be incorporated within the category management approach. To be progressed by Head of Service.

Design / Develop Procurement Unit	October 2013	Establish the requirements for the new Central Procurement Unit and new roles / functional areas – update structure and develop communications plan.	Key functional areas and proposed new structure for the unit have been agreed. Relevant JDs are currently being developed before the transfer of staff / recruitment exercise can commence.
Enhance the Information Provision	October 2013	Identify areas where further information can be provided. Design reports to deliver this, complete compliance audits and identify behavioural changes.	AoS reports compiled for 12/13 and underway for 13/14 – this will allow identification of areas of major spend, target areas and potential efficiencies for the next 3 years.
Enhance SAP	June 2014	To review issues such as data quality re product categories / GL codes. Review of system processes and policy.	A detailed SRM improvement plan has been developed and is awaiting approval.
Review Terms and Conditions of Contracts	June 2014		Legal services are satisfied with the current T&Cs – will continue to be monitored throughout the life-cycle of the improvement programme.
Develop Corporate Approach to Contract Management	June 2014	Roll-out and training of contract management guidelines in order to strengthen contract management activity within the organisation.	A set of contract management guidelines have been developed and approved. Work is underway to identify and roll out a training programme to all identified contract managers within the organisation.
Licence Non Procurement Specialists	June 2014	Staff within departments will have delegated procurement authority to be licensed, after completing a tailored training and development programme – aims to reduce risk, increase compliance and encourage a more joined up approach to procurement within BCC.	Work is underway to finalise the role of the Licensed Buyer within departments and to identify potential staff, based on the profiling exercise already completed. A training programme is currently being developed which will be rolled out to all identified staff.
Move BCC to Exemplar Status	June 2014	To establish the Council as an exemplar for Northern Ireland.	Report has been drafted by Head of Service on this matter but a decision has yet to be made – will impact on strategy, policies and guidelines etc.
Local Area Collaboration	June 2014	Identify potential partners for collaboration and establish mechanisms for how this work.	Opportunities to be identified and captured as they arise via the RPA and ICE work-streams.
Communication and Stakeholder Engagement	Ongoing to completion of project	Ongoing corporate communications throughout the life of the improvement programme and liaison with key stakeholders where appropriate.	Corporate updates have been ongoing and will continue in 2014.

Appendix 3

Table 1 Read across for Performance monitoring; Relationship between the Improvement Initiatives and Outcomes

Key Improvement Initiative	Ensuring Compliance Outcome 1	Delivering Value for Money Outcome 2	Supporting the Local Economy Outcome 3
Deliver Procurement Improvement Programme	X	X	
Assist in delivering service transformation initiative		X	
Design and Develop a new operating model for Corporate Procurement Services	X	X	X
Enhance procurement governance structure	X	X	X
Establish and monitor a suite of relevant, challenging and achievable key performance indicators	X		
Optimise and enhance SAP/SRM systems to provide management information to inform strategic, operational and compliance planning	X		
Produce annual analysis of spend, annual review of tenders and departmental spend analysis to identify efficiency opportunities.		X	
Use the local multiplier model to measure local and regional economic impact of procurement activity and inform opportunities for improvement			X
Active involvement in business planning processes to help identify and assist in achieving procurement efficiencies		X	
Provide an excellent procurement advice and support service for internal and external stakeholders	X	X	X
Enhance Gate review process through introduction of Category management approach	X		
Design, develop and review Procurement policy and contract management guidance		X	
Ensure robust compliance in relation to legislative	X		

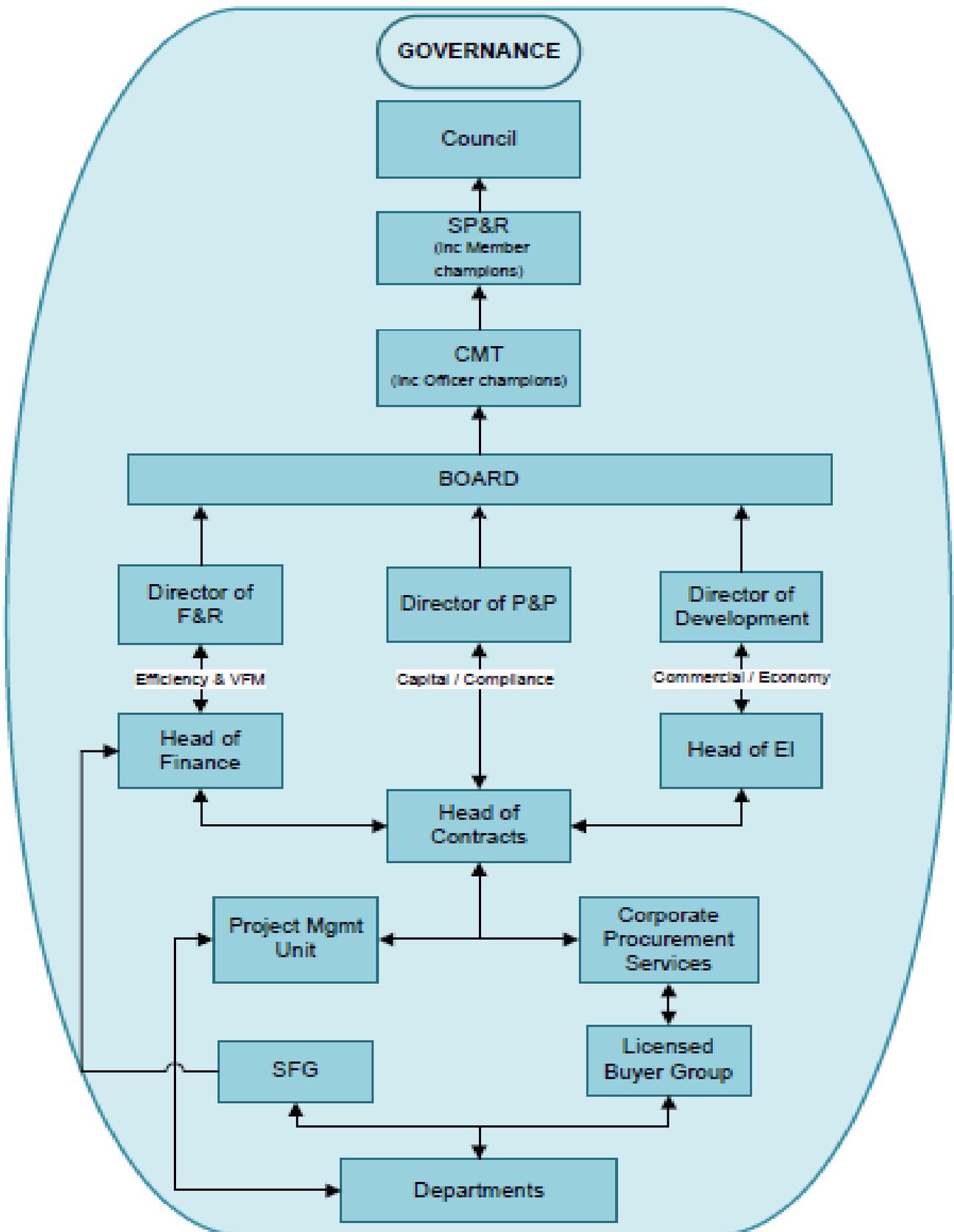
Key Improvement Initiative	Ensuring Compliance Outcome 1	Delivering Value for Money Outcome 2	Supporting the Local Economy Outcome 3
requirements policies, and contracts			
Introduce a 'License to Buy' for staff with procurement responsibilities	X	X	X
Create a robust and integrated contract management approach	X	X	X
Ensure, in terms of capability and professionalism, the right staff, with the right skills, in the right place, at the right time within the organisation to ensure delivery of an effective strategic procurement function	X	X	X
Introduce Robust Social and Community Benefit Clauses			X
Create Local Supply initiatives			X
Open up the procurement process through supplier engagement to increase capability and confidence in participating in the procurement process identifying and mitigating against any actual or perceived barriers to entry			X
Ensure appropriate timely methods of payment			X
Incorporate environmental and social action plans in contracts with suppliers where appropriate			X
Identify opportunities within capital programme to make buildings environmentally friendly			X
Promote diversity and equality issues in suppliers policies and processes			X
Lead and participate in public procurement collaborations	X	X	
Achieve efficiency saving targets		X	
Achieve best value for money in terms of price and quality		X	
Maximise any procurement opportunities resulting from Local Government Reform	X	X	
Explore and prepare for Exemplar Status accreditation if strategically desired	X	X	X

Appendix 4 – Key Performance Indicators for Strategy

Priority	Procurement Objectives	Proposed Actions	Measurable Outcomes	Measure
Economy	To stimulate the local economy through procurement	<ul style="list-style-type: none"> • Work with Economic Development to deliver Smarter Procurement. • Workshops on an introduction to procurement with Belfast City Council” • Deliver pre-tender information sessions around specific tenders. • Deliver meet the buyer sessions on a quarterly basis. 	Increase in spend with SMEs	3% increase in spend with SMEs by 2015
	To stimulate the local economy through procurement	<ul style="list-style-type: none"> • Issue quotations to Belfast based suppliers as appropriate. • Work with Economic Development to deliver Smarter Procurement. • Deliver pre-tender information sessions around specific tenders. • Deliver meet the buyer sessions on a quarterly basis. 	Increase in spend with local suppliers	10% increase in spend with local suppliers to 60% by 2015
Supplier engagement	To ensure the procurement process addresses local suppliers needs to enable them to be more competitive.	Supplier satisfaction survey undertaken	Supplier satisfaction with procurement process	70% of suppliers satisfied with procurement processes by 2015
Efficiency	To deliver savings from procurement	Identify savings from programme of tenders and existing contracts	Savings from procurement including tenders and contracts.	£1million cashable savings from procurement including programme of tenders and

				renegotiation of selected contracts.
	To deliver savings from procurement	Ensure appropriate procurement strategy is in place	Top suppliers with contracts	Increase Percentage of top suppliers with contracts by 5%
Compliance	To ensure procurement is fully compliant with relevant legislation, council policy and procedures	Training Continuous personal development Licensed Buyers	Procurement compliance	100% compliance
Sustainability	Minimise the impact of procurement by ensuring we consider sustainability aspects in the procurement process	Identify environmental risk of procurement and include in evaluation as appropriate	Contractors who have environmental management systems in place	Value of contracts awarded to suppliers who have environmental systems in place

Appendix 5: Procurement Governance for Strategy



Appendix 6 – The functions of Corporate Procurement Services

Procurement is one of the key strands of the efficiency programme for Belfast City Council. It also features in the Council's Investment Programme in terms of social clauses, VFM and stimulating the local markets. Is it incumbent upon the corporate procurement service to explore the opportunities that arise through collaborative procurement partnership working as well as being innovative in finding buying solutions so that Belfast City Council can achieve a maximum return for the rate payer. The following roles are not designed to be exhaustive nor necessarily prescriptive but rather outline the broad sense of what a revised central procurement delivery model would be responsible for.

1. Develop governance Structure for Procurement

In line with the concepts of category management and licensed buyers, Corporate Procurement Services will develop the reporting arrangements internally in order to maximise:

- Compliance
- Drive a commercial approach to procurement and Efficiency opportunity
- Local procurement spend

2. Developing, implementation and monitoring Council's Procurement Strategy

Work has already begun in developing risk based procurement strategy that has an external focus towards the local market place. Another key element of the procurement strategy will be sustainability. CPS will be responsible for ensuring this strategy is always relevant, appropriate and implemented across the Council. It will achieve this through the management of robust systems, developing clear policies and engendering a partnership approach across the organisation. It will probably be best served, but as yet undetermined by reporting through the Economy Board and other Council committee structures.

3. Managing Council's Programme of Tenders

CPS are developing a performance management system which will require Departments to submit tenders in a structured way and in line with their budget estimates. Whilst there is an appreciation that the organisation needs to remain agile, it is incumbent upon budget holders to submit tenders in conjunction with spend profiles in order that efficiencies can be realised. These efficiencies include the capacity requirements within CPS.

4. Ensuring Departmental Compliance re Procurement and SRM

The programme of improvement will incorporate developing a role for CPS to ensure compliance with corporate guidelines, standing orders and financial regulations. They will achieve this through monitoring of tenders, analysis of spend both in year and post year and monitoring/management of SRM. This will involve CPS taking the lead in the SRM module of SAP and achieving all the improvements identified by Colin Fennel.

5. Ensuring Legal compliance

In conjunction with the licence buyers the CPS team will ensure legal compliance. They will take the lead in liaising with Legal Services against any challenges of tendering. A robust policy framework will also compliment systems and processes for to achieve 100% compliance. This will involve developing a single supply tender data set and work with

audit to develop processes so as the organisation remains agile but yet assured in compliance.

6. Development, implementation and monitoring of Policies and Guidelines

CPS will be responsible for and oversee the development of a suite of policies and guidelines to achieve corporate objectives.

7. Completion of analysis of spend and overseeing implementation of recommendations

An annual analysis of spend will be conducted segregating strategic, leverage, bottleneck and transactional spend. This will inform the procurement approach for each pro class of procurement spend in order to maximise efficiencies for the organisation. It will also demonstrate opportunities for collaboration and in conjunction with financial services should inform short and medium term financial planning for the Council.

8. Identification of efficiency savings and overseeing delivery working in partnership with departments

A key role for CPS team is to work in conjunction with departments in identifying and realising efficiency savings in the aspects of procurement.

9. Applying a strategic approach to suitability of frameworks, putting these in place and developing a methodology for managing

CPS will oversee the development and installation on buying frameworks. These will include internal and shared framework agreements from which the Council can buy from.

10. Contract Management – policy, training and compliance

Post purchasing it is critical that contracts are managed using both a generic approach to contract management and a risk based solution, key contracts will be identified and managed in this way. It is envisaged these will be done both within CPS and through the licence buyers.

Fundamental to this will be the identification of appropriate KPIs for inclusion in strategic and leverage tenders.

11. Supplier engagement

CPS will be responsible for developing and increasing SME and SEE supply base in conjunction with Economic Initiative Service. This will be achieved by carrying out tender evaluations and contributing to EI workshops. Part of this will include supply chain management of large capital and revenue projects as per the SP&R and Development report being taken forward in November.

12. Developing methodology to use BCC spending power to increase local economy activity

In conjunction with EI will develop a local economic multiplier model in order to firstly bring a baseline in the understanding of the economic impact the Council has on the local economy. This will then develop the understanding of how best we can stimulate the local markets and build capacity in the supply chain for Council procurement.

13. Social clauses/community benefit clauses

CPS will screen and apply social and community benefit clauses within the Council's contracts where appropriate. In line with merging DOE guidance CPS will work with the local authority sector in developing appropriate clauses for use in the various contracts. The impact of these clauses will be monitored by EI or third party organisations.

14. Training and development officers, licence buyers and category managers

CPS will take the lead in capacity building of licence buyers and category managers this will take the form of training and process management for various pro class spend.

15. Develop a programme for the introduction and on-going VFM indicators

CPS will monitor agreed VFM indicators across the contracts which are tendered. It is envisaged that these will inform part of the analysis of spend in future years giving the Council robust management information by which they can make strategic procurement decisions.

16. Roll out of e-Sourcing for quotations

Previous analysis of spend have identified a deficit of management information against procurement and contracts which are sourced through the current quotation process in order to regularise this CPS will roll out in agreement with departments, e-sourcing for quotations and assist in the management of contracts through the use of e-sourcing and SRM.

Appendix 7 – The Role of the Project Management Unit (PMU)

The council can use its unique position as a large client to the construction sector to create a lean and efficient supply chain that drives efficiency by adopting the key themes of **ensuring compliance, delivering value for money and supporting the local economy**.

Analysis shows that the 'multiplier effect' of investment in infrastructure is much greater than that in other sectors because the construction sector has such a long and diverse supply chain. Spending on construction creates significant additional spending patterns that provide economic and social benefits which include;

- restoring sustainable and vibrant communities,
- every £1 invested in construction generated £2.84 in total economic activity
- for every £1 subcontracted on a construction project, 64 pence goes to SME's
- 92p of every pound spent was retained in the UK.¹

Belfast City Council, as a public body, is bound by the EU Procurement Legislation Directive but otherwise operates independently. The Council sits outside the scope of the NI Public Procurement (NIPP) policy although recognises and adopts several of the principles in its approach and, where appropriate aligns itself to NIPP policies regarding construction projects.

The Council is responsible for the delivery of Capital Investment - £75 million to help build city and community assets and support employment in construction and other sectors, as part of an overall £150 million physical Investment Programme.

The Project Management Unit (PMU) is central to the delivery of the Council's Capital Investment. It has oversight and acts as a category management specialist for all construction and capital works.

Capital works supported by the PMU across Belfast will help create a modern infrastructure to help communities and the wider city complete and grow both now and in the future, these include:

- An extension to Belfast Waterfront to provide dedicated conference and exhibition facilities
- the development of infrastructure for a 'green' business park on the North Foreshore
- a proposal to build an Innovation Centre at Springvale in west Belfast

Capital works in a broad stroke support Leisure and Parks estates, Landmark buildings, Development and Community projects. These investments by the council can bring the associated economic and social benefits highlighted to local businesses, communities and citizens.

It is recognised that due to EU Procurement Legislation that construction contracts are likely to be awarded to organisations from outside the Council's boundaries. However, economic and social benefits can be achieved through managing the supply chain and engaging with the local sub-contracting base to achieve benefits for Belfast.

Corporate Procurement along with the council's Economic Initiative team and other stakeholders will seek to open up the procurement process through engagement with suppliers, SMEs, SEE's,

¹5g xe;.89p.....c / Construction in the UK; The economic and social benefits of investment May 2012 Update+

community and voluntary sectors to increase capability and confidence in participating procurement processes run by the council or other organisations and identify and mitigate against any actual or perceived barriers to entry. This will promote equality of opportunity to participate in our procurement processes and deliver the economic and social benefits associated with construction works.

This will involve, amongst other initiatives, the following key highlights:

- **‘Smarter Procurement Programme’** - supporting local businesses or social enterprises to take advantage of emerging procurement opportunities in the public and private sector
- **‘Construction Sales Growth Programme’** - supporting local sub-contractors to identify and exploit potential supply chain opportunities with a target of generating £1 million of new business for participating companies
- **Procurement fairs and road shows** - develop and deliver a structured programme of procurement fairs and road shows annually to develop awareness and build capacity among local suppliers
- **Procurement guides and assistance** - prepare a ‘How to do business with the council’ guide and a guide for businesses who are considering developing a consortia bid for a large procurement contract
- **Better communication and engagement** - reviewing and updating our supplier’s database and updating the procurement section on our website.²

This will be supported by key initiatives which will build frameworks for future works specifically aimed at SME’s and the introduction of social clauses for contracts with duration of over 6 months or 0.5 million value, lotting contracts where appropriate, promoting buy local first campaign and use of local model multiplier and engagement with the local sub-contractor supply base.

The Procurement Strategy is clear that appropriate competition and adherence will be applied in all procurement bids being assessed fairly and all suppliers competing equally.

To support and deliver the above PMU will provide further assurance around the delivery of capital projects by:

- Build capability of PMU to become an ‘intelligent client’; intelligent clients fully engage with the teams that will design and construct their new assets. They make clear to design teams and contractors early on the exact requirements that they wish the assets to fulfil with the available constraints. To become an ‘intelligent client’ requires cultural and behavioural change to strategically integrate projects to the objectives of the council requiring leadership, credibility, probity and actively exhibit and promote our values and the Nolan principles of public life.
- specific challenge
- Robust economic appraisals
- enhance gate process
- develop individual procurement approach and adapt innovative solutions to contracts of 2 million plus (Building information management)

² Belfast City Council Investment Programme 2012 - 2015

- Focus on benefit realisation, whole life costing of asset; the council will encourage clients to assess bids on the basis of whole life cost and value, not the lowest price. Whole life assessments involve considering the cost profile of the asset throughout its lifespan, and the relationship between these costs and the early stages of design and procurement.
- Form of contract – evaluate the most appropriate form of contract for administration of capital project being proposed
- Seek collaborative opportunities – work with other government bodies and develop a cocktail of funding
- Use of NEC suite of contracts when appropriate as well as evaluation and Joint Contracts Tribunal (JCT)
- Align with NI public procurement recommendations and deliver in line with these
- Maximise opportunity for leveraged funding externally
- Build integrated design teams: comprising Economic Operator, Architect/Designer, Landscape, Health and Safety and Quality Surveying. To ensure VFM and cost control procurement and compliance, the Quality surveyor will sit outside the design team and report direct to the client manager nominee. This will bring independence to the Quality Surveyor role, allow for specific challenge to fulfil the ambitions of the procurement strategy

This procurement approach will only take place when delegated from Council to do so; where the business case is signed off by committee fulfilling outline scrutiny.