



PROCUREMENT STRATEGY

April 2014 – March 2017

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1. Contacts

1.1. If you have any questions about WYCA's Purchasing Strategy or any other matters that relate to purchasing goods or services, the following people can help.

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1.2. General information about WYCA and its activities can be found at www.westyorks-ca.gov.uk

2. Introduction

- 2.1. Metro (West Yorkshire Passenger Transport Executive) was formed in 1974 as a result of the Transport Act 1968 and was at the forefront of public transport issues for many years.
- 2.2. In April 2014, Metro became West Yorkshire Combined Authority (WYCA) and the rest of this strategy relates to that new organisation.
- 2.3. As a public sector organisation, WYCA has a duty to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. It also has a duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.4. There is therefore a sound system of internal controls in place to ensure the effective exercise of its functions and include arrangements for the management of risk. These risks and controls are regularly assessed by both internal and external auditors.
- 2.5. There are long term links with other similar organisations to discuss and share procurement issues which, although largely local, have common themes. The long term objective of maintaining this collaborative procurement is reflected later in the strategy. As the change to a Combined Authority takes effect, these links are expected to extend to local District Councils.

The aims of these audits as they relate to Purchasing are as follows.

- Ensure compliance with Standing Orders and Financial Regulations as they relate to different categories of contract;
- Ensure compliance with current EU Regulations;
- Ensure the accuracy of ordering and invoicing including the coding price and authorisation through the PROACTIS system;
- Ensure thorough vetting of potential suppliers and contractors;
- Check the monitoring and maintenance of existing contracts;
- Ensure that disposals of assets are adequately recorded and authorised;
- Ensure that information provided by suppliers / contractors is up to date;
- To oversee the evaluation of pre-qualification questionnaires (PQQ) and tenders in accordance with the procedure;
- Ensure that there is adequate segregation of duties between the raising, receiving and the payment of an invoice;
- Ensure that adequate authorisation levels have been applied and are being adhered to so that decisions are made on accurate information;
- Ensure adequate written procedures are in place to support the ordering system;

- Review the Purchasing & Procurement Strategy;
- Ensure that WYCA achieves value for money in relation to purchases made through tenders and quotes;
- Ensure that use of the purchasing card is being adequately controlled.

3. Structure

- 3.1. WYCA spends up to £20 million of its annual combined capital and revenue budget on goods, works and services provided by other organisations, excluding bus and rail services.
- 3.2. All departments depend on external organisations to provide these resources so it is important for WYCA to maintain a clear strategy for selecting, receiving and managing them.
- 3.3. It achieves this through its Purchasing department which has an involvement in the whole process, spanning the cycle from identification of needs, assisting with making sure the specification is clear and unambiguous, appraising options, identifying correct and appropriate procurement procedures, to the end of the contract or life of the asset.



- 3.4. A flow chart is embedded [here](#).
- 3.5. The Purchasing Department comprises two members of staff, Purchasing Officer and Purchasing Assistant. The Officer is currently a fully qualified member of the Chartered Institute of Procurement and Supply (CIPS) while the Assistant is working towards this qualification and is expected to qualify to full CIPS membership by early 2016..
- 3.6. Training and CPD is done as and when required if appropriate courses become available. For example it may be necessary to attend courses on the impact of the new EU Regulations which will be introduced during the period covered in this strategy.
- 3.7. The Government recognises procurement as one of the most important areas for efficiency gains. Public sector organisations are therefore expected to develop

and maintain these gains through improved practices. These are referred to in the National Procurement Strategy 2014.

3.8. WYCA co-ordinates departmental plans to deliver improvements as a corporate priority. This strategy draws from that plan, with particular emphasis on WYCA's strategic outcomes and supports the achievement of those outcomes, which include the following:

- 3.8.1. improved consultation about all aspects of service delivery promotion;
- 3.8.2. supporting new ways of working;
- 3.8.3. making best use of technology to improve services;
- 3.8.4. consideration of the development of partnerships with other organisations to improve the way WYCA delivers its own services.

4. Context

- 4.1. This strategy sets out WYCA's priorities for procurement and draws together a number of elements, including:
 - 4.1.1. The amalgamation of the Leeds City Region Enterprise Partnership (LEP) under the Authority's scope.
 - 4.1.2. The award of funding for the West Yorkshire Plus Transport Fund
 - 4.1.3. The requirements identified in the Local Transport Plan;
 - 4.1.4. the need to maintain the award of funding to implement New Generation Transport (NGT)
 - 4.1.5. the Government's existing and developing agenda for public sector procurement through the National Procurement Strategy 2014;
 - 4.1.6. issues identified in audit reports;
 - 4.1.7. an optimum level of efficiency;
 - 4.1.8. the targets of the National Procurement Strategy for Local Government;
 - 4.1.9. the cuts that have become necessary as a result of the current economic situation that is likely to apply for a number of years.
- 4.2. These elements are combined to produce a strategy for the final two years of this three year strategy. It will be reviewed annually to make sure the short term and long term aims are achieved and on track.

5. Aims of the strategy

- 5.1. The strategy is aimed at promoting effective procurement across the whole of WYCA. It strikes a balance between setting out a detailed plan for reforming procurement, with specific targets and a flexible planning framework. WYCA has to respond to the rapidly changing environment around public sector procurement and to learn from experience and the experiences of others.
- 5.2. An example of this change is the introduction at the end of January 2013 of the Public Service (Social Value) Act - see Section 7 for more detail.
- 5.3. The aims of this strategy are to:

General

- 5.3.1. make sure that procurement planning reflects WYCA's values, aims and outcomes;
- 5.3.2. have regular reviews of individual job descriptions to ensure they accurately reflect the work carried out and expected level of responsibility;
- 5.3.3. secure commitment to effective and efficient procurement from Officers at all levels throughout the organisation;
- 5.3.4. provide a focus for procurement, helping to co-ordinate procurement and use resources as effectively as possible;
- 5.3.5. plan the way forward on reforming, and continuously improving, WYCA's procurement functions;
- 5.3.6. help to plan budgets, tasks and targets to meet the main procurement aims identified;
- 5.3.7. enable WYCA to respond positively to the Government's agenda;
- 5.3.8. encourage long-term thinking and commitment to strategic procurement issues.

STANDARDS

- 5.3.9. Determine the most appropriate tendering procedure, open or restricted;
- 5.3.10. ensure compliance with EU directives (new ones introduced and effective from February 2015);
- 5.3.11. ensure the process of evaluating pre-qualification questionnaires and tenders is carried out in a fair, equal and transparent manner;
- 5.3.12. oversee the evaluation and make sure it is common and consistent throughout the organisation;

- 5.3.13. undertake regular spend analysis to check 'maverick' purchasing;
- 5.3.14. oversee the production and issuing of purchase orders to the correct suppliers and confirm that they have been raised in accordance with SOFR.
- 5.3.15. To publish information required as part of the transparency code.

TARGETS

Short Term – April 2014 – March 2015

- 5.4. Undertake a spend and supplier analysis April and October;
- 5.5. Maintain an up to date database of regular suppliers' information in respect of financial, health & safety and environmental information;
- 5.6. Maintain a register of all ongoing contracts.
- 5.7. Continue to develop the e-tendering system to use its functions to the full.

These have been carried out and form part of the Government's transparency requirements.

Medium to Long - April 2015 – March 2017

- 5.8. Produce a 'How to Buy from WYCA' web page;
- 5.9. Consider use of reverse e-auctions;
- 5.10. Liaise with departments and Legal to make sure the most appropriate contracts are in place;
- 5.11. Collaborate with other relevant public bodies to ensure best practice and consider opportunities for re-negotiation of contracts.
- 5.12. Consider use of the e-tendering system for electronic evaluation of PQQs and tenders.
- 5.13. WYCA has a framework agreement in place to provide consultancy services for a wide range of transport related services. This framework will be reviewed in 2015 and subject to a tendering exercise when it expires in 2016.
- 5.14. The Government has given the NGT Trolleybus scheme Programme Entry Approval status. The NGT project team has begun the formal process to obtain the legal powers needed to develop and operate a modern trolleybus network. A public enquiry was held in 2014, with the result to be announced during 2015.

This will have an impact on the Purchasing department, who will work

closely with the Project Team to ensure that all works and services are procured in accordance with regulations and achieve best value for money. The strategy for NGT procurement is dealt with separately in the next section.

- 5.15. Other major schemes that have emerged since 2011 include Leeds Station Southern Entrance, production of Smartcards, Bus Quality Contracts and the construction of a new bus station in Castleford.

6. NGT

- 6.1. The procedure for procuring New Generation Transport (NGT) is expected to be long and complicated. Because of this, the likelihood is that WYCA will use the Competitive Dialogue (CD) procedure, using guidance issued by OGC.
- 6.2. CD is used for contracts that are inherently complex and therefore have many unique attributes that may not be immediately apparent when the scheme begins. It superseded the former Negotiated Procedure when introduced in the Public Supply Regulations 2006.
- 6.3. It is defined in the Regulations as a procedure “*..whereby a contracting authority conducts a dialogue with the economic operators admitted to the dialogue with the aim of developing one or more suitable alternative solutions capable of meeting its requirements and on the basis of which the economic operators chosen by the contracting authority are invited to tender.*”
- 6.4. It is a fundamental principle of CD that the contracting authority (in this case WYCA) must take into account the likely number of interested bidders, the number of stages involved in the procurement and the cost of the more protracted procedure balanced against the increased value for money achieved.
- 6.5. Under the procedure, WYCA should therefore undertake an initial pre-qualification process to identify short listed contractors. These contractors are then subjected to an on-going dialogue during which ideas and solutions are developed. Once WYCA has reached a final solution, the dialogue ends and formal tenders will be invited.
- 6.6. It is clearly important that Authorities identify and attract a reasonable number of likely bidders and keep them interested throughout the dialogue in order to maintain an appropriate level of competition when final tenders are invited.
- 6.7. This procedure is not in frequent use and there have to be certain justifications.
 - 6.7.1. The Authority cannot objectively define the technical means of achieving the objectives;
 - 6.7.2. The Authority cannot objectively specify the legal and financial make-up of the project;
 - 6.7.3. The Authority does not believe simple use of the traditional Open or Restricted Procedures will easily allow an award of contract.

- 6.8. The procedure differs from the more usual Restricted Procedure in the formal start and end of the dialogue stage. Once this has ended, there can be no more scope for offering new ideas or negotiating.
- 6.9. It is also important that a contracting authority documents the rationale behind the decision, explaining why the Open and Restricted Procedures are not considered suitable in this case.
- 6.10. At all stages, WYCA will take appropriate advice.
- 6.11. Both the Department for Transport and Infrastructure UK have endorsed the proposal to use competitive dialogue based on the justification set out in the Revised NGT Business Case Commercial Case and Procurement Strategy 2014.

7. LEP

- 7.1. The Leeds City Region Enterprise Partnership (LEP) promotes the Leeds City Region's interests on a national and international scale, helping business and enterprise to thrive by unlocking potential through partnership.
- 7.2. It achieves this through its Assurance Framework, a document that sets out the arrangements for decision making, explains how investment decisions are made, how schemes are prioritised and describes the support and administrative structure.
- 7.3. Staff working in this area have moved into Wellington House and will become part of WYCA from April 2015. Purchasing have been working with them to ensure a smooth transition. In early 2015, some tenders have been invited on behalf of the LEP through WYCA's e-tendering system. Feedback from the LEP about WYCA's procurement procedures has been very positive.

8. West Yorkshire + Transport Fund

- 8.1. In July 2014, the Government announced that the West Yorkshire Combined Authority had secured funding to establish a £1bn Transport Fund.
- 8.2. The Fund will comprise £600m of Government funding over 20 years, £183m of other devolved transport funding previously secured through the City Deal and local contributions. It will underpin growth by improving the City Region's roads and railways and connecting people to jobs and goods to markets seamlessly.
- 8.3. Meetings between Districts and WYCA Purchasing have taken place to discuss all aspects of procurement for the initial schemes identified in this fund.

9. Procurement policy

9.1. WYCA is committed to setting rigorous quality standards and the retention of a robust procurement and monitoring procedure to ensure that supplies, services and works are delivered at the most economical total cost. All supplies, services and works should be procured in accordance with this principle of obtaining maximum value for money.

9.2. Value for money is based on the ability of a product or service to meet the user's requirements in terms of price, fitness for purpose and durability.

9.3. Procurement involves a range of decisions including identifying needs, assessing delivery and sourcing options (whether to provide in-house or otherwise), engaging with suppliers, establishing a secure position within the marketplace, purchasing activity, and consideration of how the purchase will be used and disposed of at the end of its life.

9.4. Procurement will:

9.4.1. secure the provision and delivery of supplies, works and services that meet customer expectations;

9.4.2. be driven by desired outputs and results;

9.4.3. be aware of and meet internal customers' deadlines;

9.4.4. minimise the burden on administrative and monitoring resources;

9.4.5. expedite simple or routine transactions;

9.4.6. allow flexibility in developing alternative procurement and partnership arrangements;

9.4.7. encourage competition;

9.4.8. seek to minimise any barriers to entry for local suppliers and small to medium-sized enterprises (SMEs) and small agencies;

9.4.9. ensure that suppliers are dealt with fairly, honestly, efficiently and professionally;

9.4.10. be flexible in the implementation of the purchasing function.

9.4.11. use collaborative procurement where appropriate;

9.4.12. comply with regulations and all applicable legislation;

9.5. In addition, WYCA requires **all** services to demonstrate:

9.5.1. commitment to users of the services;

9.5.2. commitment to WYCA's policy objectives;

- 9.5.3. value for money;
- 9.5.4. compliance with service aims and objectives;
- 9.5.5. commitment to continuous improvement;
- 9.5.6. commitment to quality and equality;
- 9.5.7. operational efficiency;
- 9.5.8. effective management, systems and procedures;

9.6. WYCA will encourage the development of new methods or approaches to procurement that will deliver services more efficiently, effectively and economically. This will enable more SMEs to feel able to deal with WYCA. The new EU regulations include initiatives designed to reduce bureaucracy and thereby provide opportunities for SMEs to submit tenders.

Staff Training and Development

9.7. WYCA will maintain and enhance the skills and experience it has in its Purchasing function using the 6 monthly Development Reviews to identify staff training and development requirements.

Records

9.8. WYCA will maintain management information systems to provide detailed analysis of purchasing activity and performance, and use these to inform decision making.

10. Socially responsible procurement

- 10.1. The Public Service (Social Value) Act 2012 has introduced a statutory requirement for public sector organisations to have regard for economic, social and environmental well-being.
- 10.2. The Act applies to services contracts that are above the EU thresholds.
- 10.3. WYCA has begun to take account of this as early as the pre-qualification stage of the tendering process, when Budget Holders will liaise with Purchasing to make sure the above criteria are considered.

Sustainability and environmental management

- 10.4. 'Green purchasing' is a concept that combines both public and private sectors. It incorporates environmental considerations in purchasing decisions based on price, performance and quality. It may be as simple as buying recycled paper or as complex as considering the environmental impact of a product at each stage of its life, from extraction of the raw material to disposal.
- 10.5. Green products and services have a lower impact on human health and the environment when compared with competing products or services that serve the same purpose. This reduction can be achieved by, for example, looking at characteristics such as energy efficiency, or the pollution generated by making the product. It means focusing on packaging, waste disposal, resource use, transportation, durability, and other issues. Also, experience suggests that efficient purchasing is often good for the environment – resources saved equates to money saved.
- 10.6. WYCA is in the process of establishing a formal environmental policy and already applies many of the proposed elements. Examples include:
 - 10.6.1. Contractors wishing to be selected to tender must demonstrate commitment to the environment through their own policy.
 - 10.6.2. WYCA uses recycled paper and, where possible, encourages double sided copying and number of copies required.
 - 10.6.3. WYCA works closely with bus operators on issues like vehicle fuel, not only the type but consumption and emissions. The intention is that tendered services will be run on terms and conditions set by WYCA and agreed with all operators.
 - 10.6.4. Bus stations are built and refurbished with modern heating and lighting equipment that will have minimum effect on the environment but with maximum comfort for passengers in mind.
 - 10.6.5. The continued use of e-tendering has reduced paper use to a considerable extent and resulted in efficiency savings by eliminating the need for photocopying, collating and posting documents.

Equality and diversity

- 10.6.6. WYCA takes steps to ensure that suppliers do not discriminate, and that they promote equal opportunities in their own organisation.
- 10.6.7. When letting contracts, WYCA will ensure that:
 - 10.6.7.1. All contracts are delivered in a way which is non-discriminatory, and promotes equal opportunity for staff, the public and businesses.
 - 10.6.7.2. Consideration is given to issues of low pay and the living wage.
 - 10.6.7.3. The goods, works and services provided by contractors cater for all users' needs.

Fair trade

- 10.6.8. The term, 'Fair Trade' covers a range of activities aimed at making sure that producers in developing countries are paid a fair price for their products, workers are employed in decent working conditions and paid a fair wage. However, there are issues that have to be considered.
 - 10.6.8.1. Fair Trade products may cost more than their non-Fair Trade equivalent.
 - 10.6.8.2. EU legislation and Government guidance restricts the ability of public sector organisations to include social labels in specifications.
 - 10.6.8.3. Nevertheless, WYCA will monitor the position and consider how best to introduce an approach to fair trade.

Ethical Procurement

- 10.6.9. The whole process of procurement must be delivered within an overall ethical framework, namely that it demonstrates:
 - 10.6.9.1. Fair competition;
 - 10.6.9.2. Honesty and openness;
 - 10.6.9.3. Efficiency and effectiveness;
 - 10.6.9.4. Professionalism
- 10.6.10. Information requested from companies through a PQQ must be relevant to the contract.
- 10.6.11. WYCA will make every attempt to ensure that the firms it engages operate in an ethical manner.
- 10.6.12. WYCA's Purchasing department complies with the principles of the CIPS Ethical Code.

11. Efficiency and effectiveness

Efficient and effective procurement

- 11.1. The OGC and YPO arrange contracts for goods and services that can be used by the public sector. WYCA uses these contracts where they offer better terms than its own.

Controls, standards and risk

- 11.2. Purchasing will continue to work closely with Internal and External Audit to ensure adequate controls are in place.
- 11.3. Purchasing continues to maintain standards to maintain internal customer satisfaction and obtain maximum value for money.

Training and development

- 11.4. WYCA is committed to training and development. The law is constantly changing and staff must keep up to date, especially with new procedures. WYCA therefore encourages attendance of courses as and when they arise.
- 11.5. Purchasing staff in WYCA also keep up to date with developments through membership of CIPS and SOPO.

Collaborative procurement

- 11.6. WYCA maintains its links with PTEs; Centro (West Midlands), GMPTE (Manchester), Merseytravel, Nexus (North East), South Yorkshire and Strathclyde Partnership for Transport (SPT). While they all have similar functions and responsibilities, the means of applying those responsibilities are often quite different.
- 11.7. There are opportunities, through collaboration and sharing ideas, to build up common procurement ground and this is being investigated. The efficiencies gained from e-procurement can be adopted and there is scope to look at common purchases such as passenger shelters, on street furniture, contracts for services such as security and CCTV. Common specifications could be adopted so that passengers in any part of the country will be familiar with public transport infrastructure.

Electronic Procurement

- 11.8. In 2005, WYCA bought a Finance and Purchasing system called PROACTIS to replace a paper requisition system. Orders are raised by users but only to suppliers for contracts approved by Purchasing. The orders are also checked by Purchasing before being sent out as a final control measure. This will lower costs by allowing users to buy only from a supplier offering overall best value for money. New suppliers can be added only by going through rigorous control and evaluation procedures.

11.9. PROACTIS can offer significant improvements in electronic ordering and invoice matching, freeing up time for staff in Finance and Purchasing to devote to strategic issues. This offers more opportunities to improve value for money on goods and services and can have the effect of lowering the total cost of procurement.

Tendering

11.10. In 2014 WYCA purchased a system from In-Tend for tendering, including placing notices in OJEU and Contracts Finder. This has worked well and will continue in use for at least the next two years.

11.11. Where EU Directives apply, timescales are reduced if notices are issued electronically and documents are available electronically. WYCA will continue to do this through In-Tend.

11.12. WYCA uses a tender evaluation program, TAP, to speed up the process of evaluating large numbers of tenders. This is used in conjunction with In-Tend to gain further efficiency savings.

Purchasing cards

11.12.1. WYCA uses a purchasing card for some routine, low value, purchases, resulting in a reduction in paperwork. Consideration is to be given to widen the scope of the card to include more payments for goods and services. For segregation of duties, this will be handled by the Finance department.

Glossary

CIPS	The Chartered Institute of Purchasing and Supply
EU	The European Union
OGC	Office of Government Commerce
OJEU	The Official Journal of the European Union
PQQ	Pre-Qualification Questionnaire(s)
PTE	Passenger Transport Executive
SOFR	WYCA's Contract Standing Orders
SOPO	The Society of Purchasing Officers in Local Government
TAP	Tender Assessment Program
WYCA	West Yorkshire Combined Authority
YPO	Yorkshire Purchasing Organisation