



FULL COUNCIL REPORT

Date Written	2 nd August 2016
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Service Area	Procurement
Exempt/Non Exempt	Non Exempt
Committee Date	7 th September 2016

To: Mayor, Ladies and Gentlemen

PURCHASING POLICY

1.0 SUMMARY OF THE REPORT

- 1.1 The Purchasing Policy is a key internal policy that will govern day to day purchasing requirements.
- 1.2 The correct management and control of purchasing is vital to ensure we meet challenging budget pressures.
- 1.3 The policy mandates the use of the corporate purchase to pay system (p2p) which has established workflows to govern what orders leave the Council.
- 1.4 It establishes a culture of challenge to ensure that spend control exists at a local level.
- 1.5 The policy contains exceptions where there are other systems in effect that are not suitable for ordering on the common platform which will be regularly reviewed.
- 1.6 In tandem with the purchasing policy, an external facing policy has been created. This policy is called 'prompt payment policy'.
- 1.7 The prompt payment policy will be communicated to our supply base and will ensure that the purchasing policy is enforced from outside the organisation i.e. if a supplier receives a manual order they will contact the buyer and push them towards using p2p.
- 1.8 The external facing policy also ensures that invoices contain valid order numbers otherwise invoices may be returned and/or delayed.
- 1.9 Both policies will improve the efficiency of operations with reduced manual paper flows and administration.

2.0 RECOMMENDATIONS that

- 2.1 The Purchasing and prompt payment policies be approved and implemented with effect from Monday 3rd October 2016.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 Good procurement is a key driver in delivering efficiencies.
- 3.2 In order to effectively manage processes contained within the procurement cycle a number of cultural changes are being made across the Council.
- 3.3 One of those changes is the introduction of a purchasing policy that governs day to day purchasing requirements.
- 3.4 The policy sets out general instructions that will apply to staff at all levels.
- 3.5 The policy aims to
 - 3.5.1 Reduce overall spend
 - 3.5.2 Reduce manual administration associated with purchasing
 - 3.5.3 Improve accountability
 - 3.5.4 Support the roll out of a prompt payment policy
- 3.6 The policy seeks to remove manual order books from circulation and mandate p2p as the main corporate solution for ordering requirements (minus some exceptions).
- 3.7 The system has the capability of accessing compliant catalogues through the Welsh Government e-procurement service (WG ePS) commerce hub, and can facilitate e-invoicing (paperless system).
- 3.8 The system standardises processes and procedures and drives compliant behaviour.
- 3.9 It reduces the amount of work required to process orders and invoices and also improves our performance in terms of paying our suppliers on time.
- 3.10 Whilst the purchasing policy seeks to control internal procedures, the prompt payment policy seeks to control our interactions with the supply base.
- 3.11 The external facing policy will allow procurement to manage orders from the suppliers' perspective. Our suppliers will have a responsibility to ensure that all invoices have an official order number and have the opportunity to redirect our staff if orders are placed outside of the policy requirements.
- 3.12 Both policies are attached at appendix 1 (purchasing policy) and 2 (prompt payment policy).

4.0 FINANCIAL IMPLICATION(S)

- 4.1 The purchasing policy should have a positive financial effect as orders are migrated onto the P2P system which has clear up front controls for challenging spend.
- 4.2 Any identified efficiencies arising from the introduction of these policies will be reported to the Procurement Board.

5.0 SINGLE INTEGRATED PLAN AND SUSTAINABILITY IMPACT SUMMARY

- 5.1 The Single Integrated plan and sustainability impact assessment has been completed. It has been identified that there are positive impacts on People in Merthyr Tydfil benefit from a strong, sustainable and diverse economy, Sustainable Development & Financial Sustainability of Public Services. There are no other perceived impacts positive or negative.

6.0 EQUALITY IMPACT ASSESSMENT

- 6.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has been found that a full assessment is not required at this time. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

ELLIS COOPER
CORPORATE DIRECTOR
PLACE & TRANSFORMATION

PHIL WILLIAMS
CABINET MEMBER FOR GOVERNANCE
& CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Purchasing Policy	July 2016	Unit 5
Prompt Payment Policy	July 2016	
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.