

*" COUNCILS PARTNERING FOR VALUE AND SERVICE "*



# Procurement Policy

## Introduction

BOPLASS Ltd is a Council Controlled Organisation owned by the Environment Bay of Plenty (Bay of Plenty Regional Council), Rotorua District Council, Western Bay of Plenty District Council, Kawerau District Council, Tauranga City Council, Opotiki District Council, Whakatane District Council, Taupo District Council and Gisborne District Council and has been established to investigate, develop and deliver shared services, joint procurement and communications where and when that can be done more effectively for any combinations of some or all of the councils.

The expected benefits that can be achieved through shared services are:

- improved levels and quality of service
- a co-ordinated and consistent approach to the provision of services
- reductions in the cost of support and administrative services
- opportunities to develop new initiatives
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

This policy applies to products and Services purchased on behalf of the shareholding councils and other organisations wishing to participate in particular procurement initiatives. It encompasses the relevant aspects of the strategic documents that have been approved by the Directors of BOPLASS Ltd and include:

BOPLASS Ltd Statement of Intent  
Strategy and Action Plan and  
Other policy decisions of the Directors.

In approving the Policy the Directors have noted the unique position that the company is in and that as a company it operates at the margins of Local Government. The policy allows procurement methodologies to be determined by the participating councils within the advisory group structure.

## Our Vision

*" COUNCILS PARTNERING FOR VALUE AND SERVICE "*

## Objectives of BOPLASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

## **Joint Procurement**

Being the procurement of services or products by two or more Councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating Councils.

## **Shared Services**

Being the participation of two or more Councils in the provision of a common service which may be jointly or severally hosted.

The purpose of this policy is to address policy requirements associated with Joint Procurement

## **Nature and Scope of Activities**

The principle nature and scope of the activities of BOPLASS Ltd are set out in the company's Statement of Intent and are the principles which underline this policy.

- *Use Joint Procurement to add value to goods and services sourced for its constituent Councils.*
- *Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available.*
- *Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

## **Legislative Environment**

BOPLASS Ltd recognises that the purchase of Goods and Services must be consistent with the principles of its councils enabling legislation, the Local Government Act 2002. (LGA) s14, which requires them to:

- Act in an open, transparent and democratically accountable manner
- Act efficiently and effectively,
- Collaborate and co-operate with other local authorities and bodies to achieve desired outcomes and make efficient use of resources
- undertake any transactions in accordance with sound business practice

BOPLASS Ltd seeks to apply these principles in a sound business environment having regard to all applicable legislation and any obligations under the Companies Act 1993 under which it was formed.

### **BOPLASS as Agent and Facilitator**

BOPLASS has few purchasing requirements on its own account, its primary procurement role is as agent or facilitator to assist its shareholding councils in the joint procurement of Goods and Services. The strategic relevance of a particular good or service will be determined by each council in accordance with its own procurement strategy.

In undertaking its role the company will

- Seek to understand the business requirements of the participating Councils
- Ensure that the standards for goods or services are properly defined
- Involve the “expert users” from participating Councils in the procurement process.
- Ensure that agreed funding arrangements are in place prior to entering into any contracts for the supply of goods and services.
- Be accountable to its shareholders and partners for its actions.
- Promote Joint Procurement of goods and services having strategic value, supply risk and/or volume based pricing

### **Procurement Strategy**

The primary strategy and consequential actions are set out in the Strategy and Action Plan as follows

#### ***Use Joint Procurement to add value to goods and services sourced for its constituent Councils.***

- 1 Goods and services, reviewed to identify those having strategic value, supply risk, and/or volume based pricing
- 2 Analysis of current and potential sources of supply undertaken. Alternative supply options addressed in business case and risk assessment
- 3 Supply of goods or services monitored for quality and added value

Desired Outcome:

Procurement of goods and services is from sources offering best value

#### **Action 1**

Goods and services, reviewed to identify those having strategic value, supply risk, and/or volume based pricing

BOPLASS Ltd has two primary methods of reviewing and selecting Joint Procurement initiatives.

## **Reactive**

All councils are regularly involved in the procurement of goods and services and from time to time a council identifies that a procurement initiative may meet the criteria of:

- Strategic value
- Supply risk
- Volume based pricing

This creates a potential opportunity for all parties to benefit and that Council will bring the matter to Bopllass for consideration. The BOPLASS Statement of Intent contains the statement

*“Joint procurement initiatives will be considered by the Board and or its advisory groups where there is demonstrated support from two or more member Councils.”*

The board or an advisory committee will consider whether or not a business case exists for joint procurement and decide on a procurement method.

## **Proactive**

BOPLASS through a review process identifies a good or service which meets the criteria set out above and an advisory group initiates an investigation of options for joint procurement

### Action 2

Analysis of current and potential sources of supply undertaken. Alternative supply options addressed in business case and risk assessment

An Advisory Group will take responsibility for investigating options for joint procurement including existing sources of supply and pricing together with potential sources. The group will be responsible for agreeing the standards, determining the methodology and recommending the preferred supply arrangement to constituent councils.

Councils will finally determine whether or not they wish to be part of the arrangement. In recognition of its fiduciary responsibility BOPLASS will not enter into any arrangement making it responsible for funding unless funding is first assured from participating councils in accordance with the Statement of Intent.

### Action 3

Supply of goods or services monitored for quality and added value

Supply of goods and services will be accompanied by appropriate reporting arrangements to ensure timely delivery, verification of quality continuity of supply and stability of pricing. Such reporting to be agreed with the advisory committee at the commencement of the contract.

## **Other Strategies**

In dealing with any matters Advisory Committees shall have regard to all strategies set out in the Strategy and Action plan and in particular those relating to fiduciary responsibility and best practice.

## **Advisory Committee Membership and Governance**

At an operational level, each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The board retain the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one board of directors and that remains at the umbrella or holding company level.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group as approved by the directors. Such initiatives will not require the setting up of a separate business unit unless the administration requirements of the procurement process require it.

Council participation in any advisory committee to BOPLASS Ltd shall be through the appointment of a nominated representative. Decisions shall in the first instance be by consensus and if this is not possible each member shall have one vote, except where a member can clearly indicate that he/she represents additional member councils. In this case the member is entitled to one additional vote per contributing council represented. The BOPLASS Executive Officer is chair and also has one vote. Decisions shall be by a simple majority. The appointing of a representative by a Council shall be deemed to constitute authority for that representative to represent and act on behalf of that council on the committee. Additional Council representatives may attend for information sharing, discussion and/or as advisors but shall not have voting rights.

The Board of Directors of BOPLASS Ltd shall have the final say on all matters.

## **Delegations**

The Board have provided specific delegations and these are confirmed as part of this policy.

- 1** The Executive Officer has delegated authority for expenditure as approved in the budget or by resolution of the Board and unbudgeted expenditure to the value of \$5000.
- 2** The Chairman and Executive Officer together may approve unbudgeted expenditure to the value of \$10,000
- 3** Where a procurement initiative or contract is approved and underwritten by the participating Local Authorities and revenues are assured the transaction may be approved by the Chairman and one Director without limit.