

February 2021  
**Procurement  
Strategy**

Next review date – September 2021



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# 1. Introduction

Every year Wellington City Council spends over \$500m on external suppliers to help the Council run its operations and deliver its projects. This includes a wide range of works, goods and services across all Council functions that together enable the delivery of community infrastructure, facilities and services for the residents of Wellington.

The Council has a responsibility to ensure **good public value** when it is engaging external suppliers, especially where they are critical to achieving our long-term city outcomes. Effective spend with these suppliers positively impacts how we can stretch our budgets and ultimately will impact rates.

Amid these challenging times, now more than ever we must also ensure that procurement is an enabler to advance the **long-term wellbeing of our communities**. This in turn supports our communities to create a more **productive, sustainable and inclusive economy** for Wellington.

Therefore, we must:

- select and engage the right suppliers, goods and assets at the right quality and right price to ensure **good public value** and to achieve tangible **social, economic, cultural, environmental and public wellbeing outcomes**
- manage the contracts and relationships we have with suppliers, particularly our strategic suppliers, so that both we and they **deliver what has been promised**, that **risks are identified and managed** effectively for us both, and that we continue to identify and obtain improvements through the life of the contracts
- ensure procurement and commercial activities are aligned with and enable the Council's values, strategic objectives and strategic policies. These include Wellington Towards 2040: Smart Council and the core activities and projects defined in the Council's Long-term Plans and Annual Plans, as well as (but not limited to) supporting the Council's commitments to:
  - the Health and Safety Workplace Act 2015
  - Māori, including under Te Tiriti o Waitangi/ The Treaty of Waitangi
  - Sustainability, including under Te Atakura / First to Zero
  - Local and regional opportunities, including under the Economic Development Strategy.
- champion and apply procurement and commercial management practices that maximise good public value, are effective and efficient, and are **fit for purpose** for the value, complexity and risk of what is being procured or managed, and
- **enhance the satisfaction** of our stakeholders, our staff and our suppliers.

This 2021 Procurement Strategy describes how the Council's procurement and commercial activity will support the achievement of the Council's strategic objectives, in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result.

## 2. Purpose, outcomes and objectives

### 2.1 Purpose

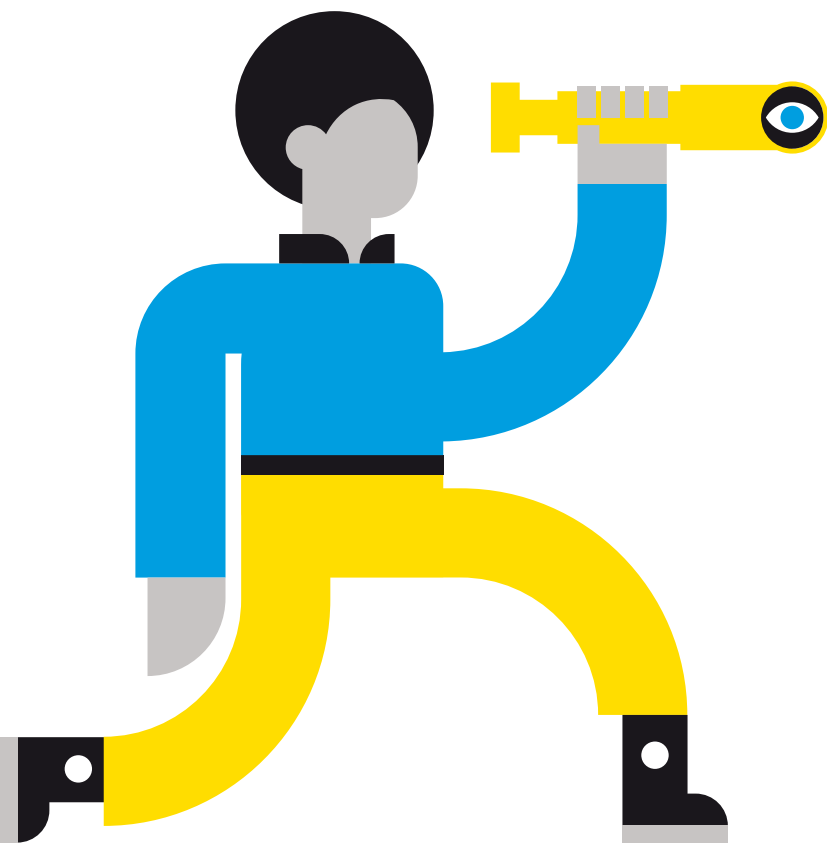
This 2021 Procurement Strategy describes how the Council's procurement and commercial activity will support the achievement of the Council's strategic objectives in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result.

### 2.2 Context

The strategy guides and is supported by the Council's policies and procedures framework that is applied across all Council procurement and commercial activities in alignment with the Council's vision, strategic priorities and community outcomes.

In particular the Council will ensure that its procurement and commercial activities are aligned with and enable the delivery of Wellington Towards 2040: Smart Council and the core activities and projects defined in the Council's Long-term Plans and Annual Plans.

The strategy is also informed by and seeks to align with the Government Rules for Procurement (4ed, 2019, published by the Ministry of Business, Innovation and Employment (MBIE)) and the New Zealand Transport Authority (NZTA) Procurement Manual.



## 2.3 Strategic objectives

As set out in the current Long-term Plan, the Vision to benefit Wellington City is to achieve the following four long term city outcomes:

- **People-centred city** – People are the city's greatest asset. Wellington's shape and character will continue to reflect the people who live in, work in, and visit the city. The city will be healthy, vibrant, affordable, accessible and resilient, with a strong sense of identity and place.
- **Eco city** – Developing Wellington as an eco-city means proactively responding to environmental challenges and managing the transition to becoming a low carbon city. It is important that Wellington takes an environmental leadership role as the capital city of clean and green Aotearoa New Zealand. Our many natural assets give the city a head start and opportunities as part of a green economy.
- **Connected city** – Wellington is a connected city, with easy access to regional, national and global networks. Connections are physical, allowing for ease of movement of people and goods; virtual, in the form of world-class ICT infrastructure; and social, enabling people to connect with each other and their communities.
- **Dynamic central city** – Wellington is a city with a dynamic centre, a place of creativity, exploration and innovation. The central city will be a vibrant and creative place, helping Wellington to offer the lifestyle, entertainment and amenity of a much bigger city. The city centre will continue to drive the regional economy.

## 2.4 Procurement objectives

Through this strategy, the Council will undertake procurement activity in line with the following principles:

Objectives	Description
Best value <b>Aroha</b> <b>We act with the best of intent</b>	Get the best possible outcomes over the whole of life of the asset, services or works, by striking the right balance of good outcomes, good quality and good price and good management.
Fit for the future <b>Tika</b> <b>We do what is right</b>	Tangible social, economic, cultural, environmental and public wellbeing outcomes are achieved through procurement that go beyond the immediate purchase of goods, services and infrastructure.
Effective and efficient processes <b>Whakapai ake</b> <b>We are always improving</b>	Processes are fit for purpose, user friendly and intuitive. They balance being effective and efficient with our responsibilities as prudent custodians of public money.
Risks are identified and managed <b>Kaitiakitanga</b> <b>We are guardians</b>	Appropriate controls are in place and adequate data is available to enable the Council to optimise its spend and to meet our legislative obligations as a governing local authority. We are risk aware, not necessarily risk averse.
Partnering for greater impact <b>Kotahitanga</b> <b>We are stronger when we work together</b>	Suppliers choose to work with the Council as a preferred client and/or partner. Stakeholders seek out procurement and commercial involvement because it adds value. The Council is an employer of choice for staff.

## 2.5 Scope

The 2021 Procurement Strategy is owned by Wellington City Council's Chief Executive and Chief Financial Officer.

Responsibility for implementation and future review of the strategy lies with the Manager, Commercial Partnerships.

The strategy is mandatory for all Council procurement and applies to Council Controlled Organisations (CCOs).

The strategy has the capability to incorporate any future Councillor directives and priorities.

## 2.6 Legislative framework

The principal legislative guidance for procurement is based on Section 10 of the Local Government Act 2002, recently amended in the Local Government (Community Well-being) Amendment Act 2019. The purpose statement is "to enable democratic local decision-making and action by, and on behalf of communities and to promote the social, economic, environmental and cultural well-being of communities in the present and for the future".

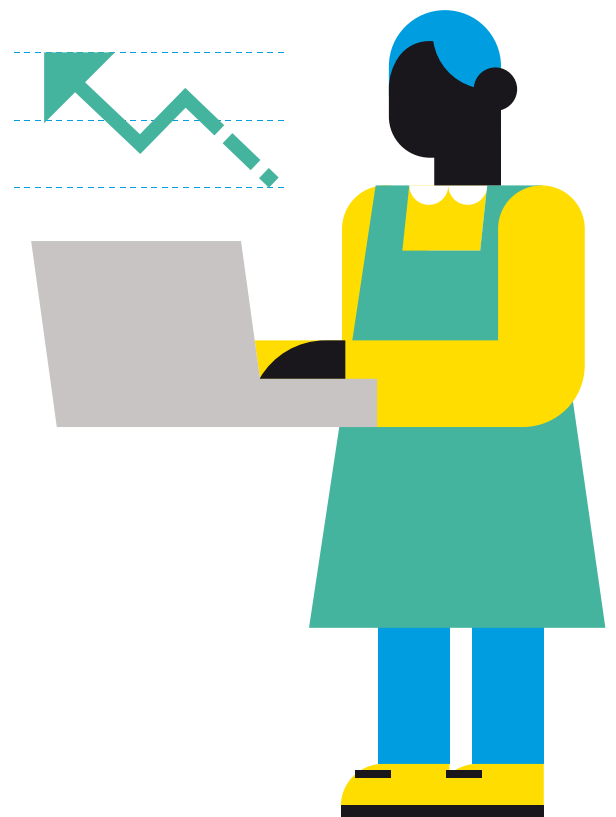
The procurement processes will support Council's commitment to Māori including responsibilities under Te Tiriti o Waitangi / The Treaty of Waitangi and its broader legal obligations as described in the Local Government Act 2002.

## 2.7 Monitoring

Procurement and commercial activities will be monitored to ensure the objectives of the procurement strategy across the various stages of the supplier lifecycle (planning, sourcing, engagement, management and review) are achieved.

This will include biannual reporting on the Procurement Strategy to the Finance, Audit and Risk Subcommittee.

The procurement strategy will be reviewed every three years to ensure continued alignment to the Council's strategic objectives, values and policies as they evolve and are updated.



## 3. Procurement principles

### 3.1 Best value

#### Aroha - we act with the best of intent

Best value is about getting the best possible outcome over the whole of life of the asset, services or works, by striking the right balance of good outcome, good quality, good price and good management.

Selecting the most appropriate procurement processes and engagement models, that are proportionate to the value, risk and complexity of the procurement will help achieve value for money.

Commercial performance is at the heart of driving value for money. Council takes a whole of life or total cost of ownership approach to commercial outcomes and to optimising the use of goods and assets.

To develop strong, commercially driven business partnerships, we will develop and apply business acumen and commercial awareness in what we do.

Business acumen is delivered by:

- ensuring procurement strategies, engagement models and desired outcomes are clearly aligned with Council's goals and objectives, and based on tangible benefits
- ensuring decisions are positioned to achieve desired outcomes
- growing understanding of and leveraging the different parts of the organisation and how they work together
- enabling results that bring commercial benefits on a whole of life or total cost of ownership approach where the Council optimises the use of goods and assets.

Commercial awareness focuses on:

- using sound financial logic to influence business direction
- optimising commercial outcomes through sourcing and strategic negotiation skills
- keeping up to date with commercial developments within the industry.

### 3.2 Fit for the future

#### Tika - we do what is right

Tangible social, economic, cultural, environmental and public wellbeing outcomes are achieved through well-designed procurement processes and consideration that go beyond the immediate purchase of goods, services and infrastructure.

Procurement and commercial management practices provide key opportunities to maximise value for money and quality services delivery, as well as deliver tangible benefits for the local community, economy and the environment.

Wherever appropriate, procurement initiatives support and/or champion broader strategic outcomes (whether in the short, medium or long term) related to:

- **Health and safety** – Council is committed to reducing and where possible removing the risk of harm to its employees, contractors, volunteers, and the public, as reflected in our Health and Safety Statement of Commitment 2019 and our responsibilities as a PCBU under the Health and Safety Act 2015. The Council's procurement and commercial activities will ensure that requirements and targets for Health and Safety, and for public health more generally, are robustly considered and managed and where appropriate, influenced.
- **Cultural equity** – Council shall encourage procurement decisions that actively seek to foster careers, job security, embrace diversity and an inclusive culture, and better outcomes for Māori, as well as for other cultures and communities such as Pasifika. Council is committed to engaging with iwi in a manner that is increasingly positively regarded.
- **Environmental sustainability** – as the Council strives to become a Zero Carbon Capital and achieve net zero emissions by 2050, procurement activity aligns with its sustainability policies, including Te Atakura / First to Zero. Procurement and commercial decisions that have a positive impact on the natural environment and biodiversity are encouraged. This includes sourcing from Fair Trade certified suppliers, ensuring prudent use of natural resources and minimisation of waste or hazardous substances, as well as efforts to reduce carbon or Greenhouse Gas emissions. In particular, strategies for spend related to energy, fleet and waste minimisation will reflect our forward approach to environmental sustainability.



- **Supporting local and regional businesses** – including providing visibility of upcoming opportunities, actively seeking opportunities for social enterprises and not-for-profit entities to participate in Council contracts, and improved certainty of work pipelines for those suppliers that are contracted to Council. This may include specific consideration of how such organisations contribute to the vibrancy and sustainability of the local economy, support job or market growth.
- **Social equity** – the Council shall encourage procurement decisions that actively seek benefits to the community in terms of social wellbeing, social cohesion, diversity and inclusion, equal opportunities and participation. Wherever practicable, Council remains committed to encouraging selection and contracting of suppliers that pay their people at least the Living Wage, to the Living Wage being a requirement in our contracts for regular and ongoing core services provided to Council and to maintaining our Living Wage Aotearoa New Zealand accreditation status.
- **Innovation** – Council will encourage innovative processes, services and outcomes, as pathways to evolve into the future. Procurement will seek deliver significant additional value through planning, researching and analysing opportunities to source new solutions that meet our needs. Innovative ideas from the market will be sought in the form of new products or services and we will be open to new ways of working – these are key to enabling achieving our objectives. Innovation will be an active part of supplier relationship management, particularly with strategic and business critical suppliers.

These dimensions will be considered in procurement and commercial activities to determine where a difference can be made, including when undertaking procurement planning, cost benefit analyses, weighted attribute assessments of proposals from suppliers and through the contract lifecycle with commercial partner.

### 3.3 Effective and efficient processes

#### Whakapai ake – we are always improving

Processes are used that are fit for purpose, user friendly and intuitive. They balance being effective and efficient with meeting our responsibilities as guardians of ratepayer money.

For suppliers, this will mean unnecessary barriers to engaging on Council opportunities are removed. For staff, it will be easy to do the right thing.

Council's data, tools, systems and processes will enable procurement to be effective and efficient, and to continuously improve how we work and the outcomes we achieve. This will include better planning, preparation, execution and management of procurement and commercial activities, and achieving improved outcomes and transparency of significant contracts across Council.

### 3.4 Risks are identified and managed

#### Kaitiakitanga – we are guardians

Appropriate controls are in place and adequate data is available to enable the Council to optimise its spend and to meet and our legislative obligations as a governing local authority.

Importantly, good procurement is being risk aware and managing risk well, not necessarily risk averse.

### 3.5 Partnering for greater impact

#### Kotahitanga – we are stronger when we work together.

##### Staff

Council attracts, develops and retains the best **staff** with appropriate levels of skill, competency and experience to deliver its procurement and commercial requirements.

To attract and retain procurement expertise, Council offers a diverse portfolio of procurement projects, differing procurement models and interesting community focussed work, which is not normally available through private sector activities.

Targeted learning, development and mentoring of our procurement and commercial staff is encouraged through individual personal development plans.

For purposes of standardisation and best practice, procurement skills and competency development are aligned (where appropriate) with:

- The Ministry of Business, Innovation and Employment (MBIE) as the lead agency for procurement capability development in the public sector in New Zealand
- The Chartered Institute of Procurement and Supply (CIPS) who lead global excellence in procurement and supply
- The New Zealand Transport Agency as a key funder of our activities
- Sharing of procurement specific intellectual property throughout the Local Government Procurement Manager network
- New Zealand and international procurement best practice in both public and private sectors.

Operating budgets define the number of employees and skill classification that can be employed, and Human Resources policies determine the remuneration levels.

### Suppliers and Partners

The Council develops strong relationships and/or partnerships with suppliers and other external parties, particularly where they are important to the delivery of significant goods and services.

The Council proactively seeks opportunities to influence, encourage and strengthen markets and supply channels so that both the Council and suppliers can deliver what has been promised, risks are identified and managed effectively for both parties, and opportunities to grow and improve are identified and achieved through the life of contracts.

This will include providing better visibility of upcoming opportunities, and certainty of work pipelines for those suppliers and partners that are contracted to the Council.

The Council remains committed to working with its suppliers and partners to deliver a safe, fair, sustainable and responsible approach to business. Terms and expectations are made available to current and prospective suppliers via an accessible, user-friendly, on-line portal. Suppliers are expected to acknowledge and comply with the Council's Supplier Code of Conduct<sup>1</sup> as part of their relationship with

the Council. This code sets out the minimum expectations from suppliers and their extended supply chain, to help the Council to deliver on its sustainable sourcing outcomes. Terms of Trade also set out expectations on how the Council conducts business with its suppliers, including a commitment to making payments to suppliers in a timely manner, providing they adhere to the requirements set out in the standard terms of trade when using the electronic P2P process.

As result, suppliers choose to work with the Council as a preferred client and/or partner.

### Stakeholders

The Council's stakeholders seek out procurement and commercial involvement because it adds value to them. The Council seeks out the involvement of stakeholders, including our CCO's, external industry and interest groups, cultural and community representatives, influencers and enablers, to help plan for and achieve better outcomes.

Positive outcomes and changes are communicated and celebrated through a range of channels, including through the Council's website, intranet and social media channels.



<sup>1</sup> Currently under development, 2020



**Absolutely Positively**  
**Wellington City Council**

Me Heke Ki Pōneke

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