

<b>Subject:</b>	<b>Corporate Procurement Strategy 2014-2017</b>		
<b>Date of Meeting:</b>	<b>16<sup>th</sup> January 2014</b>		
<b>Report of:</b>	<b>Executive Director Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Cliff Youngman</b>	<b>Tel: 29-1408</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 A new Corporate Procurement Strategy has been developed and approval from the Policy and Resources Committee is sought.
- 1.2 The council spends approximately £270 million per annum on externally procured services and it is essential that effective planning goes into the commissioning and procurement of these services in order to provide value for money and high quality services and supply.
- 1.3 In order to ensure value for money the proposed strategy sets out a number of key objectives including an assessment of where we are now, our aims and what actions are proposed in the each year. The strategy expands upon the work undertaken to ensure that the council operates as a “responsible procurer” i.e. taking account of the social, economic and environmental aspects in the evaluation of bids as well as the price and quality of the service.
- 1.4 A key focus of the strategy is the Public Services (Social Value) Act 2012. The Act places a duty on the council to consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area. The term ‘relevant area’ relates to the services provided within the boundaries of the council’s influence. The strategy describes how this will be achieved through early intervention at the point of making the commissioning decision. The strategy additionally describes how the Social Value Act will be further embedded by supporting local business and the community and voluntary sector with a programme of simplifying processes and procedures along with a drive to reduce their perception of risk when selling services to the council. Collaboration on the procurement of services will also be expanded with guidance and advice so that the opportunities to work across the council and with other councils and relevant bodies are properly exploited.

**2. RECOMMENDATIONS:**

- 2.1 That the Policy & Resources Committee agree the proposed new Corporate Procurement Strategy 2014-2017 as attached as Appendix 1.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The previous Procurement Strategy now needs to be refreshed to reflect the latest Corporate Plan ambition, purpose, priorities and values and to help to support the modernisation of services over the coming years.
- 3.2 The new Strategy sets out the framework for procurement in the council from 2014 to 2017. It is designed to demonstrate further significant improvements in the ways of working. The new strategy lays down clear performance measures that are regarded as Specific, Measurable, Attainable, Relevant and Timely (SMART) objectives.
- 3.3 It describes objectives and measures to simplify and streamline existing process. The outcomes are not only designed to increase the efficiency of the Procurement Team, but more importantly to attract more bidders from all protected characteristic groups, small & medium enterprises (SME's), local businesses and community and voluntary sector organisations.
- 3.4 The strategy focuses on the need for a clear link between procurement and commissioning, when determining all options for the improvement of services and collaboration while maintaining our obligation to reduce costs and increase value for money.
- 3.5 The theme throughout the report is towards more innovative thinking throughout the entire supply chain. Business as usual is no longer acceptable, therefore a new way of delivering efficiency, economy and effectiveness is now required.
- 3.6 Community Right to Challenge – The Community Right to Challenge was introduced under the Localism Act 2011 and provides a right for voluntary and community bodies, charities, town and parish councils and two or more employees of the authority to submit an Expression of Interest (also known as an EOI) to run local authority services, where they believe they can do so differently and better. Where an Expression of Interest is accepted, a procurement exercise for the service must be carried out. The procurement exercise will be open to others who wish to tender to run the service so the body that triggers the exercise may not eventually be the provider of the service. This has not been mentioned as a specific area within the strategy. Processes are currently in place to manage any Community Challenge, but any expression of interest received in connection with this community right has no effect on the strategy itself
- 3.7 All relevant procurements will be brought to P&R in accordance with the constitution and CSO's. It is during this process that members and senior officers can agree how much weight is afforded to certain aspects of procurement decisions, including quality, cost and sustainability.

### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The Strategy has been drafted taking account of best practice in other councils and will be refreshed (by Officers) annually to ensure that it reflects current law and the most up to date thinking.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Consultation has been carried out with various stakeholders within the council including Legal, Adult Social Care, Sustainability, Equalities and Category Managers within the Procurement Team.
- 5.2 The Strategy is designed as an internal document to provide a clear direction of travel for internal stakeholders.

## **6. CONCLUSION**

- 6.1 The new Strategy incorporates all of these issues and provides a fresh and measurable set of objectives

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 The Corporate Procurement Strategy provides the framework for delivering value for money for about £270 million as well as supporting the transformation of services needed to meet the major financial challenges faced by the council.

*Finance Officer Consulted: Mark Ireland*

*Date: 12/12/2013*

### Legal Implications:

- 7.2 The Strategy at Appendix 1 takes account of the council's duties under the following legislation:
- (i) The Public Contracts Regulations 2006. However, it should be noted that during the course of the Procurement Strategy's 3-year shelf life, these regulations are likely to be superseded by UK secondary legislation giving effect to a new EU Public Sector Procurement Directive designed to modernise procurement rules for public bodies in all Member States. The European Parliament is expected to ratify the directives early in 2014, after which Member States will have two years for implementation. The Cabinet Office has indicated they intend to bring the provisions into force in the UK "early" following consultation.
- At such time as the new Directive comes into force in the UK, the Strategy would need to be amended as required.
- (ii) The Public Services (Social Value) Act 2012. For the procuring of services valued above the EU procurement threshold, this Act requires the council to consider–
- a. How what is proposed to be procured might improve the economic, social and environmental well-being of Brighton & Hove; and
  - b. How, in conducting the process of improvement, the council might act with a view to securing that improvement.

(iii) The Equality Act 2010. Whilst there are no duties under this legislation specific to procurement, the Act does impose a general 'public sector equality duty' on the council when exercising public functions (which includes procurement). In brief, this requires the council to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations with respect to any person with a 'protected characteristic such as disability, age or race.

7.3 The Strategy also accords with the council's Contract Standing Orders (CSOs) which set out the obligations placed on all officers when procuring goods, works or services, regardless of value. Certain amendments are likely to be made to the CSOs during the lifetime of the Strategy, subject to agreement in principle by Policy & Resources Committee and approval by full Council.

At such time as amended CSOs come into force in the UK, the Strategy would need to be amended accordingly.

7.4 In December 2013, the government announced proposals on making public sector procurement more accessible to small and medium sized enterprises (SMEs).

The government will legislate to abolish Pre-Qualification Questionnaires (PQQs) for low-value contracts; mandate the use of a standard core PQQ for high-value contracts and ensure small business needs are taken into account in the design of procurement processes; make contract opportunities accessible on a single online portal; and make sure small firms are treated fairly by mandating prompt payment terms down the supply chain.

In addition, the government intends to require all public bodies to report their procurement spend and prompt payment performance with SMEs and voluntary sector organisations.

The government intends to make further announcements on the detail of these measures in due course, at which point the Procurement Strategy may require amendment to reflect any new statutory duties.

7.5 Approval of the Strategy comes within the remit of Policy & Resources Committee, as a core function of this forum is to establish the framework for the allocation, control and management of the council's resources, including finance.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 24/12/13*

Equalities Implications:

7.3 Whilst we can demonstrate evidence of due regard to the aims of the Equality Act 2010 throughout the Strategy, the completion of the specific group impact does not fit, as the strategy is intended as a high level framework stating intentions and approach. As such, it has a section covering Equalities and includes a number of actions to ensure full inclusion of all 'Protected Characteristics' as defined in the Act.

Sustainability Implications:

- 7.4 The Corporate Procurement Strategy has been shared with the Sustainability team, as part of the internal stakeholder consultation. The Corporate Procurement Strategy is designed to complement and support the council's commitment to One Planet Living, Sustainable Procurement Policy and Sustainable Action Plan.

Any Other Significant Implications:

Corporate / Citywide Implications:

- 7.5 The Corporate Procurement Strategy fully supports the council's priorities and Corporate Plan. It is designed to improve the council's economy, efficiency and effectiveness in the procurement of goods and services for all stakeholders

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Corporate Procurement Strategy 2014-2017
2. Sustainable Procurement Policy
3. Sustainable Procurement Toolkit
4. Timber Procurement Policy

**Documents in Members' Rooms**

None

**Background Documents**

None