

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET

Date: 10th September 2014

REPORT TITLE: Procurement Strategy and Action Plan 2014 – 2017

Submitted by: Head of Business Improvement, Central Services and Partnerships

Portfolio: Finance & Resources

Ward(s) affected: All

Purpose of the Report

To consider and approve the revised Procurement Strategy and Action Plan (attached)

Recommendations

- a. To request that Cabinet reviews, considers and approves the revised Procurement Strategy 2014 - 2017
- b. To request that Cabinet reviews, considers and approves the Action Plan (Section 6) of the revised Procurement Strategy 2014 - 2017

Reasons

This strategy aims to provide the framework to ensuring a co-ordinated approach to sustainable procurement across the Council and beyond. This is an essential element in making sure that innovative methods to improve procurement practices are used, delivering both cashable and non-cashable savings where appropriate and also underpinning the co-operative work the Council is developing.

Robust procurement methodology will assist the Council in achieving its ambitions by realising value for money, from the way in which it procures goods and delivers its services, through using its resources in an economic efficient and effective way, to allowing savings to be re-directed to frontline services.

This strategy builds on the work delivered as part of the previous Procurement Strategy 2011 – 2013 in line with the Council's Corporate Priorities, the need to respond to legislative changes and a requirement to continually challenge processes and deliver ongoing improvements.

1. **Background**

- 1.1 Procurement has a far broader meaning than simply purchasing, buying or commissioning. It is also about securing assets and services that best meet the needs of users and the whole community throughout the life cycle of an asset or service. A 'life cycle' is generally defined as being from the initial definition of the business need through to the end of the useful life of an asset or service, including any costs of disposal.

- 1.2 The concept and practice of 'commissioning' is one which is prevalent in contemporary local government and is often linked with procurement in terms of how councils do business. Despite this prominence, 'commissioning' is used in different ways by different organisations. In this Strategy, 'commissioning' is defined as "the process of specifying securing and monitoring services to meet individuals' needs both in the short and long term".
- 1.3 A key element of procurement is the need to ensure value for money. The then-Government placed a duty of best value on local authorities under the Local Government Act 2000 to deliver services to clear standards of cost and quality by the most economic, efficient and effective means available. Best Value was a challenging framework that required authorities to review all their services in the light of government guidance. The concept of 'Best Value' is not widely used in local government now, but achieving value for money is still a central part of any public organisation, especially in the current challenging economic climate.
- 1.4 Within the context of procurement as used in this Strategy, obtaining best value for money means choosing the solution that offers the optimum balance between whole life costs and benefits to meet the customer's requirements/needs.
- 1.5 The Council's Procurement Strategy sets down the basis of developing and implementing best value and value for money throughout its services to citizens and the business community, aligned with the need to deliver ongoing savings in line with the authority's need to respond to the changing financial environment. The Council will continue to develop its procurement principles and practices aiming to deliver further improvements in this key service and will be guided by the principles set out in the Strategy in doing so (subject to Cabinet approval).
- 1.6 This revised Procurement Strategy is supported by the publication of 'Sustainable Procurement Guidance' available to officers and published on the Council's intranet; this can be made available to Members on request.

2. **Issues**

- 2.1 In reviewing and revising the existing NULBC Procurement Strategy, the organisation has recognised the need to further increase the profile of procurement processes, procedures, principles, and protocols within the Council. It has been recognised that there is a need to heighten the requirements for the delivery of Social Value in support of the 'Public Services (Social Value) Act 2012 taking into consideration its potential impact on the local environment, and social wellbeing of the community. This is further supported by the production of a 'Social Value Toolkit' produced by officers on behalf of the Newcastle Partnership and available for use by internal officers. The toolkit is also being published on the Council's intranet, and is available to Members on request.
- 2.2 The Strategy identifies the key factors underpinning the successful delivery of procurement and builds on the relationships established with risk, equalities and diversity in developing the way the Council does business. Further, It examines the need for greater efficiencies, collaboration and sharing of services and seeks to set out ways in which these can be achieved in the future.

3. **Options Considered**

- 3.1 For the Council to do nothing and therefore continue to run with an outdated Procurement Strategy would reflect an inability to continually review, challenge, identify improvements and strive to support the service throughout the Council. Cabinet is therefore recommended to choose the option of approving the revised Procurement Strategy presented with this report.

3.2 The accompanying action plan to the Strategy outlines the delivery of the revised Strategy and provides the Council with an opportunity to embed improved processes, procedures, policies and protocols within the day to day activities of procuring products and services by officers throughout the Council.

4. **Preferred Solution**

4.1 The proposed, revised Strategy reflects best practice, identifies by way of the action plan further ongoing improvements, and supports the delivery of savings and the need to address the budget shortfalls identified by the Council.

4.2 The Strategy and its implementation identify and demonstrate a willingness to improve procurement practices across the Council, leading to ongoing improvements in service levels and increased efficiencies.

4.3 Cabinet is therefore asked to approve the revised Procurement Strategy (attached).

5. **Recommendations**

5.1 That Cabinet reviews and approves the Procurement Strategy and action plan found in section 6 of the strategy.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 The revised Procurement Strategy supports the Council's priorities of seeking to become a 'Borough of Opportunity,' through reducing barriers to suppliers and within the organisation, providing information to potential suppliers on how to do business with the Council and engaging with partners and the voluntary sector linked to service delivery. By considering social value issues it also contributes to delivering against the priority of a 'Clean, Safe and Sustainable Borough' and also becoming a 'Cooperative Council'.

7. **Legal and Statutory Implications**

7.1 There are no new legal or statutory implications attached to this report, although the updated Procurement Strategy supports the ongoing work aimed at embedding the requirements under the Public Services (Social Value) Act 2012 and the changes about to take place following approval of the recent 2014/24/EU Public Sector Directive, replacing the former Public Sector Directive 2004/18/EC. The three new directives reforms are intended to modernise and simplify the EU rules.

8. **Equality Impact Assessment**

8.1 All major procurements shall recognise the impact on the social, economic and environmental wellbeing within the Borough. The Borough Council strives to take into account issues of equality and diversity in all our procurement transactions.

8.2 The Council will also strive, where practicable and possible, to utilise local labour, materials and services, and aims to support the growth in modern apprenticeships and the placement of trainees in industry and commerce.

9. **Financial and Resource Implications**

9.1 At this stage there are no direct financial and resource implications, however, where resource issues are identified as part of the implementation of the action plan, and further details on these will be brought to future Cabinet meetings.

10. **Major Risks**

10.1 There are no major risks.

11. **Key Decision Information**

11.1 The revised Strategy and action plan supports the objective of ensuring the council commissions and procures fit for purpose services and supplies, and understands the market it seeks to influence and develop.

12. **Earlier Cabinet/Committee Resolutions**

12.1 The previous Sustainable Procurement Strategy and Action Plan 2011-2013 approved by Cabinet 20th July 2011

13. **List of Appendices**

13.1 Procurement Strategy 2014 -2017

14. **Supporting Documents**

14.1 Sustainable Procurement Guidance 2014 -2017

14.2 Social Value Toolkit

Both of the above documents may be obtained from the Council's intranet: "Implementation of Sustainability and Social criteria into the procurement process" from the following link:

http://svint/policy_page.asp?id=SX7E39-A78020D0&cat=2745