



Report for:	Finance & Resources Overview and Scrutiny Committee
Date of meeting:	22 October 2019
Part:	I

Title of report:	Review of Commissioning & Procurement Strategy and Standing Orders
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Purpose of report:	<ol style="list-style-type: none"> To provide committee with an overview of the main changes to the Commissioning & Procurement Strategy and Standing Orders.
Recommendations	<ol style="list-style-type: none"> That Committee notes the main changes to the Commissioning & Procurement Strategy and Standing Orders.
Period for post policy/project review	All future major changes will be presented to this Committee.
Corporate objectives:	The proposed changes will ensure that all commissioning and procurement activities of the Council will align with the vision and priorities as stated in the Corporate Plan and national best practice.
Implications: 'Financial'	<p><u>Financial</u></p> <p>There are no financial implications from the review of the Commissioning & Procurement Strategy and Standing Orders</p> <p><u>Value for money</u></p>
'Value for money'	Implementing these recommended changes will support the planning, delivery and monitoring of the commissioning and procurement activities and align them to the vision and key priorities in the Corporate Plan which will result in a positive effect on Value for Money.

Risk implications	The changes to the procurement governance arrangements ensures that the Council complies with the Public Contract Regulations and the principles of transparency, non-discrimination, equal treatment and proportionality when carrying out commissioning and procurement activities.
Community Impact Assessment	There are no direct implications on Equalities via the implementation of these recommendations, and the Standing Orders make specific reference to carrying out an Equalities Impact Assessment on all tendering activities.
Health and safety Implications	There are no direct implications on Health & Safety via the implementation of these recommendations and the Standing Orders make specific reference to Health & Safety.
Consultees:	
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	

Introduction

The Council spends a significant amount of public money each year with third parties and there is a need to demonstrate that this expenditure is planned and executed in a manner that best delivers outcomes for residents and visitors to the borough.

The Council has in place a Constitution, which sets out how the Council operates, how decisions are made, and the procedures, which must be followed to ensure that these are efficient, transparent and accountable to local people. The law requires some of these processes, while others are a matter for the Council to choose.

The commissioning & procurement strategy sets the direction and challenges the Council to deliver to the best of its ability, with the resources that are available within the Medium Term Financial Strategy.

The standing orders have been designed to provide a governance framework for officers and members to work within when carrying out commissioning and procurement activities on behalf of the Council.

Any major changes to these documents are presented to the Finance & Resources Overview Scrutiny Committee, before being recommended to Cabinet and then Full Council, the current documents were last adopted by Full Council in June 2014.

The purpose of this report is to provide committee with an overview of the main changes to the commissioning & procurement strategy and standing orders.

This report provides the Committee with assurances that the commissioning & procurement strategy and standing orders remain fit for purpose and provide robust and transparent governance arrangements that support the delivery of the Corporate Plan.

Commissioning & Procurement Strategy

1. National Procurement Strategy for Local Government in England 2018

- 1.1 In previous procurement strategies, the Council has made reference to the deliverables and outcomes of the National Procurement Strategy whilst also taking account of local issues and the Corporate Plan.
- 1.2 Rather than try and establish a separate strategy for the Council, it is recommended that the Council adopt the National Procurement Strategy 2018 as it best describes the priorities facing local government over the next few years.
- 1.3 The Local Government Association launched a new National Procurement Strategy in 2018. It reflects learning from the 2014 strategy and focuses on three key themes which, consultation has shown, reflects local government's priorities for the next four years:
- showing leadership
 - behaving commercially
 - achieving community benefits
- 1.4 In addition to the themes, the strategy identifies four 'enablers':
- developing talent
 - exploiting digital technology
 - enabling innovation
 - embedding change.
- 1.5 These cross-cutting actions have been identified by councils as being necessary for successful delivery in the key areas. The idea is that each council chooses the level of maturity it aims for in each of the key areas. The choices will naturally reflect local priorities and the resources available to the council.
- 1.6 The five defined outcomes for each value code are 'minimum' to 'developing' to 'mature' to 'leader' to 'innovator'. Achieving a 'mature' assessment should be regarded as a very satisfactory outcome; few councils will assess as 'leader' or 'innovator'.
- 1.7 The recommendation is for the Council to follow the Local Government Association's National Procurement Strategy (<https://www.local.gov.uk/national-procurement-strategy>) which was launched in 2018. The NPS provides a flexible framework so it is not a 'one-size-fits-all' approach and enables the Council to identify the most appropriate approach to delivering the themes and objectives in support of vision and priorities. A copy of the Council's commissioning & procurement strategy 2019-2024 is attached as Appendix 1.
- 1.8 The NPS also provides a toolkit for the Council to assess its progress against the themes and objectives. The Council's initial diagnostic self-assessment score is attached as Appendix 2.
- 1.9 A diagram of the main features of the strategy is set out below:

Diagram 1 - The Key Themes of the Strategy:



Objectives

- Obtaining social value (including climate change)
- Local small medium enterprises (SMEs) and micro-business engagement
- Enabling VCSE engagement

- Engaging Councillors and Senior Management.
- Achieving better outcomes from early procurement and commercial advice.
- Engaging with strategic suppliers

- Creating commercial opportunities
- Managing contracts and relationships
- Managing strategic risk

Enablers

- Developing talent
- Exploiting digital technology
- Enabling innovation
- Embedding change

Commissioning & Procurement Standing Orders

2. The vast majority of the Council's standing orders have fundamentally remained the same, but there have been some specific changes to this document. A copy of the Council's commissioning & procurement standing orders is attached as Appendix 3.

2.1 The table below identifies the changes that are as a result of an increase in thresholds:

Quotations			
Description	Old threshold	New Threshold	Reason
A minimum of one quotation should be obtained from a local supplier if available.	Up to £9,999	Up to £24,999	The relatively low value of these types of quotations do not benefit from the added value of following a formal quotation process. There are also checks in place via Agresso to ensure that higher value expenditure cannot be ordered via this process, or that corporate contracts do not exist.
A minimum of three quotations should be obtained including once from a local supplier where available.	£10,000 - £49,999	£25,000 - £74,999	Previously all quotations above £10,000 were advertised via Contracts Finder, this is resource intensive and does not deliver significant benefit to the Council, by increasing this value it will free up some resource to focus on higher value expenditure.
Tenders			
A formal tender process must be undertaken.	Above £50,000	Above £75,000	Previously formal tenders were undertaken above £50,000, this is resource intensive and does not deliver significant benefit to the Council, by increasing this value it will free up some resource to focus on higher value expenditure.
Authority to Award Contracts			
Team Leader arranges for a Purchase order to be raised via Agresso	Up to £9,999	Up to £24,999	The relatively low value of these contracts are covered by the Council's terms and conditions which are included on a purchase order. Before a purchase order is sent to a supplier, it is signed off by a corporate expert (usually procurement) and the budget holder. This ensures that it complies with the standing orders and there is sufficient budget.
Group Manager signs an Award Certificate	£10,000 - £49,000	£25,000 - £74,999	The increase in authority to award a contract has been increased to align with the maximum value of a quotation.
Assistant Director submits and Officer Decision Record Sheet	£50,000 - £250,000	£75,000 - £250,000	The increase in the lower value threshold for authority to award a contract has been increased to align with the new standing orders.
Chief Officer submits an Officer Decision Record Sheet	£250,001	£500,000	This remains the same
Portfolio Holder Decision Sheet is required	Above £500,000	Above £500,000	This remains the same

2.2 The scope of the standing orders has become wider and now includes guidance on concessions contracts and community impact assessments. The Council has recently awarded concessions contracts and it was identified that guidance on this was missing. Community Impact Assessments are an important tool in ensuring that any outcome that is delivered does not discriminate against a particular groups of people, it is vital that a community impact assessment is carried out at an early stage of the commissioning process.

2.3 Guidance documents on contract management and supplier relationship management have been produced for officers to follow.

2.4 The Council's approach to category management and in particular the identification of category leads, category experts and category sponsors to feed information up to the Corporate Management Team and the Budget Review Group has been removed from the standing orders. Typically category management has been adopted by organisations with large levels of expenditure such as Unitary or County Councils where they have much larger procurement teams and have benefitted from this approach.

2.5 The Council's third party expenditure will still be analysed and reported on based upon the five categories of expenditure that the Council have identified, namely:

- Construction
- Facilities Management
- Environmental
- Professional Services
- ICT

3. Recommendations

3.1 The recommendations for this Committee in relation to the commissioning & procurement strategy and standing orders are set out below.

- That Committee notes the changes to the commissioning & procurement strategy and standing orders and agrees that these should be presented to Cabinet at the earliest opportunity.