

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday, 10 November 2016
Report Subject	Procurement Strategy
Cabinet Member	Cabinet Member for Corporate Management
Report Author	Chief Officer (Governance)
Type of Report	Strategic

EXECUTIVE SUMMARY

In 2015/16 the Council spent £150m procuring goods and services. Alongside the newly approved CPRs the proposed procurement strategy sets 7 overarching principles (such as reducing non-essential spend and having due consideration to the new Welsh Language Standards and obligations under the Well Being of Future Generations (Wales) Act 2015) for how procurement should be carried out. It also sets the following 2 outcomes to be achieved when conducting any procurement:

The 2 outcomes are:

1. Flintshire County Council achieves value for money from the goods, services and works it procures
2. Flintshire County Council improves the contribution its procurement activity has on the local economy especially social enterprise

In combination the principles and outcomes will work to ensure that the council's spend provides the greatest contribution to the delivery of its Improvement Priorities.

The strategy will be supported by an annual action plan and will be measured through the performance indicators and milestones described within the policy.

RECOMMENDATIONS

1	That the Committee comments on the proposed procurement strategy before its adoption by Cabinet.
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REPORT DETAILS

1.00	Explaining the propose new Contract Procedure Rules
1.01	The Council has recently reviewed its Contract Procedure Rules which set out how officers should undertake procurement activity. Alongside those rules it is important to agree the outcomes that are intended to be achieved and the principles that are important to procurement, and these are set out in the proposed strategy attached at Appendix 1.
1.02	<p>The Council's spend is clearly undertaken by a range of different departments to fulfil a wide range of needs. The proposed strategy sets out what the council wishes to achieve at a corporate level from those contracts (beyond the specific goods, services or buildings being purchased under each contract) in the form of the following 2 outcomes that directly link to its Improvement Priorities:</p> <ol style="list-style-type: none"> 1. Flintshire County Council achieves value for money from the goods, services and works it procures 2. Flintshire County Council improves the contribution its procurement activity has on the local economy especially social enterprise
1.03	<p>These outcomes will promote the achievement of good value for money (a balance between price and quality). They will also be used to target spend on:</p> <ol style="list-style-type: none"> 1. Businesses within North Wales and the area of the Mersey/Dee Alliance 2. social enterprises; and 3. contracts with community benefits clauses. <p>Within the strategy specific examples are given for how these outcomes will be achieved with specific performance indicators to measure progress. For example, the cashable savings achieved and the percentage of business undertaken with businesses in North Wales and the Mersey/Dee Alliance area.</p>
1.04	In addition the strategy sets procurement activity into the wider policy and legislative context. It therefore makes clear that procurement activity should be fully compliant with the council's duties under the Welsh language standards and the Well Being of Future Generations (Wales) Act 2015.
1.05	In addition, the strategy contains the following 7 principles for conducting procurement. These principles are carried into effect by complying with the Contract Procedure Rules approved during October:
	<ol style="list-style-type: none"> i. To help reduce or eliminate non-essential spend all staff, before commencing any commissioning or procurement activity, will first consider whether there is an alternative approach to delivering the outcome without the need for the council to spend at all, or at least to reduce the spend.
	<ol style="list-style-type: none"> ii. In undertaking any procurement or commissioning activity, all officers must have due consideration of our duties under the Well-

	being of Future Generations (Wales) Act 2015 to take into account the impact of any decisions we make on the people of Wales – now and in the future. The “sustainable development principle” should be applied to all procurement activity
	iii. All service areas will work with the corporate procurement team to develop and implement appropriate strategies and mechanisms for delivering value for money in the goods, services or works that they procure.
	iv. Every procurement exercise will be managed and led by an officer with skills appropriate to the value and risk associated with that arrangement and be conducted with openness, honesty and accountability.
	v. The council’s regulatory framework (contract procedure rules, delegations and financial regulations), UK and EU legal requirements will be complied with.
	vi. All staff involved in the purchase of goods, services or works will utilise corporate negotiated, council wide contracts or frameworks where they exist.
	vii. Ensure that due regard is made in all commissioning and purchasing decisions to local economic prosperity.
1.07	As well as the performance indicators there will be an action plan to ensure that the strategy is put into effect and that maximum benefit is derived from the strategy in conjunction with the CPRs. It will therefore include steps such as <ul style="list-style-type: none"> i. Identifying contracts that can be targeted towards the social enterprise sector ii. Drawing up guidance on the use of community benefits clauses including clear expectations around the type and level of benefit to be derived from contracts

2.00	RESOURCE IMPLICATIONS
2.01	The strategy can be delivered within current resources. If its aims are achieved then it should contribute to the achievement of the Council’s Improvement Priorities without any extra (or possibly even less) resource.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The proposed CPRs have been considered by a cross portfolio working group of officers from Audit, Finance, Housing, Legal, Properties & Valuations, and Streetscene.

4.00	RISK MANAGEMENT
4.01	Implementing the strategy should not create or generate any new risks for the council and indeed should help to mitigate some by promoting compliance with the council's legal obligations.
4.02	The strategy has been subjected to an Equality Impact Assessment.

5.00	APPENDICES
5.01	Appendix 1 – proposed Procurement Strategy

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Current Procurement Strategy</p> <p>Contact Officer: Gareth Owens, Chief Officer Governance Telephone: 01352 702344 E-mail: Gareth.legal@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	Improvement Priorities – the annual priorities of the Council as set out in the Improvement Plan. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan.
7.02	Social Enterprise - A social enterprise is an organisation that applies commercial strategies to maximise improvements in human and environmental well-being - this may include maximising social impact rather than profits for external shareholders. Social enterprises can be structured as a for-profit or non-profit.