

Cabinet - 9 October 2014

Report of the Deputy County Treasurer

Electoral Division affected:

All

Approval of the County Council's Procurement Strategy

(Appendix 'A' refers)

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Executive Summary

The County Council has recognised that for effective and efficient procurement practices to operate at all levels within the County Council, they need to be underpinned by an overarching Procurement Strategy. The development of a procurement strategy has been a key priority of the County Council. A draft procurement strategy was developed and has been the subject of consultation with public, private and third sector organisations.

The draft Procurement Strategy has been amended as a result of feedback received during the consultation and is now set out for approval at Appendix 'A'.

This is deemed to be a Key Decision and Standing Order 25 has been complied with.

Recommendation

Cabinet is recommended to:

- (i) Note the results of the consultation on the draft Procurement Strategy, which involved public, private and third sector organisations;
- (ii) Approve the final Procurement Strategy, set out at Appendix 'A', which includes the amendments made to reflect the feedback received during the consultation process;

Background and Advice

The County Council has recognised that for effective and efficient procurement practices to operate at all levels within the County Council, they need to be underpinned by an overarching Procurement Strategy. The development of a procurement strategy has been a key priority of the County Council.

A draft Procurement Strategy was presented to Cabinet in May 2014. This draft strategy was based upon best practice, reflected the County Council's priorities, and was built upon the principles considered by Cabinet in March 2014 and the Amended Notice of Motion agreed by Full Council in October 2013. The draft strategy was also supported by a draft Procurement Improvement Action Plan which set out a number of specific changes that needed to be made in order for the County Council's procurement function to effectively deliver the strategy.

Following consideration by Cabinet in May, the draft strategy has been subject to a consultation process with key stakeholders. This report sets out details of that consultation process and the changes made to the draft strategy as a result of the feedback received. A revised Procurement Strategy is now presented to Cabinet for consideration and approval. Recommendations are also made about future performance reporting and the on-going monitoring of the strategy's implementation.

The Consultation - Process

As agreed with Cabinet in May, an 8 week consultation has been undertaken with key stakeholders on the draft strategy. This consultation ran through June and July, ending on 29 July 2014. The list of consultees was agreed by the cross-Directorate Procurement Board and included a number of individual organisations as well as representative bodies and umbrella organisations. The list included:

- District Councils
- NHS Clinical Commissioning Groups and the Commissioning Support Unit
- Housing Providers
- Lancashire Constabulary
- Police and Crime Commissioner for Lancashire
- Lancashire Fire and Rescue Service
- Voluntary, Community and Faith Sector Organisations
- Bus and Taxi companies
- Chambers of Commerce and the Federation of Small Businesses
- Lancashire Care Association
- Third Sector Lancashire
- Internal County Council Services

These organisations were sent the draft strategy directly, and the strategy was also made available to all suppliers and potential suppliers through the area on the County Council's website accessed by those who may want to do business with us.

Respondents were asked to share their views on priority areas in the draft strategy, including:

- The County Council's vision and values for procurement
- The County Council's approach towards sustainability in procurement
- The County Council's approach towards social equality in procurement
- The County Council's approach to electronic Procurement, and the opportunities for the County Council to be more efficient and effective in its

dealings with suppliers to minimise costs for them and make it easier for them to do business with us

- Any current barriers they experience or perceive in doing business with the County Council and whether the approach set out in the strategy would help break down some of those barriers

Respondents also had the opportunity to share any other general comments they had on doing business with the County Council.

The Consultation - Responses

A total of 53 responses were received as part of the consultation, through the online questionnaire and by email. Face to face meetings were also held with some key stakeholders, such as Third Sector Lancashire, where these were requested.

Overall, feedback received was extremely positive with over 80% of respondents saying they 'Strongly Agree' or 'Tend to Agree' with the key elements of the strategy. Much valuable, constructive, feedback was also provided by a number of respondents through their comments, and it was clear that many organisations have clearly taken considerable effort to provide considered and helpful responses.

As a result of this feedback, a number of changes have been made to strengthen and improve the strategy. These changes have been considered by the Procurement Board, and are set out below.

- **Context** - The County Council currently does business with over 7,000 suppliers, in a variety of different contexts, and this strategy needs to be applicable to all of them. Following feedback received, changes have been made to: try and remove jargon; be clearer about the County Council's vision for Lancashire and how procurement helps achieve that vision; clarify the large range of different goods, services and works that the County Council spends money on and; set out how procurement fits with the commissioning process. The strategy is also now clearer on the legislative context that the County Council has to work within when it is procuring, to help potential suppliers understand why we work in the way that we do.
- **Doing Business with the County Council** – Overall, respondents felt that the approach set out in the strategy would make it easier for organisations to do business with the County Council. Some third sector respondents felt that this intention could be made even more explicit, to make it clearer that the County Council wants to do business with a range of organisations, large or small, private or third sector, and welcomes bids and tenders from small charities as much as big businesses. These commitments have been reinforced in the revised strategy.
- **Sustainability** - Feedback on the County Council's approach to sustainability was very positive, with 98% of respondents agreeing on the inclusion of sustainability in the strategy, and 94% either tending to agree or strongly agreeing with the approach set out. However, many respondents pointed out that sustainability is a widely used term which is often poorly defined. In response to

these comments received, further clarity has been added about what the County Council means by sustainability in this context, and how it applies to the County Council's procurement activity.

- **Social Value** – Responses to questions about social equality were also very positive, with 92% either tending to agree or strongly agreeing with its inclusion in the strategy and 87% tending to agree or strongly agreeing with the proposed approach. However, following comments received and input from colleagues across the County Council, the section on social equality, and social value in particular, have been strengthened.
- **Living Wage** – A number of respondents also asked for clarity around the council's intention to seek accreditation as a Living Wage Employer, and the implications for current and future contracts. This section of the strategy has therefore been strengthened.
- **Payment by Results** – It was raised that the County Council may wish to let contracts on a payment-by-results basis in the future, but that this was not currently mentioned in the strategy. Reference to potentially working on a payment-by-results basis has therefore been added to the strategy.
- **Collaboration with Other Public Bodies** – It was raised that the commitment in the draft strategy that "we will maximise procurement collaboration with other public bodies". It was felt that always including all public bodies in Lancashire during tendering processes:
 - Potentially increases tendering times, as overall contract values increase, often over EU thresholds;
 - Can give a potentially misleading impression to the market of the size of the contracting opportunity;
 - Can be seen to be discouraged in recent legal judgements, unless genuine and meaningful engagement has taken place with all parties named in the procurement

This commitment in the strategy has therefore been amended to reflect that collaboration will be considered on a case by case basis.

- **Electronic Procurement** - The draft strategy stated that "whilst all suppliers will be encouraged to work with us electronically, it is recognised that some suppliers, particularly small and medium-sized enterprises (SMEs) and 'Voluntary Sector' suppliers, may not have the capabilities at this time to adopt e-procurement and we will ensure that such suppliers are not disadvantaged in the procurement process". Further detail has been added to the strategy, following feedback received, to clarify the potential inconsistency between the Council's drive to do business with all suppliers electronically and its commitment not to disadvantage those who cannot. Further information has also been added on what organisations need to do if they want to do business with the County Council – where to find contracting opportunities advertised; systems used to submit tenders and how to get support in using them.

Implementation and Monitoring

Once agreed, a significant amount of work will be required to implement the strategy. At an officer level, the Procurement Board will continue to drive implementation of the Procurement Strategy.

It is also proposed that progress with implementing the strategy be reported to the Cabinet Committee on Performance Improvement on a quarterly basis, with the first report brought on 11 December 2014.

Consultations

The Procurement Strategy has been the subject of consultation with a range of organisations, as detailed in the main body of the report.

Implications:

This item has the following implications, as indicated:

Risk management

The County Council does not currently have a Procurement Strategy. The Strategy currently presented to Cabinet for approval provides a framework for procurement practices at all levels within the County Council, and therefore reduces risks and underpins effective and efficient operations across the organisation.

Financial Implications

The Procurement Strategy will be delivered using existing County Council resources.

List of Background Papers

Paper	Date	Contact/Directorate/Tel
Report to Cabinet – 'Update on the Changes to the County Council's Strategic Partnership with BT'	5 June 2014	Dave Gorman, Office of the Chief Executive, (01772) 534261
Report to Cabinet – 'Draft Procurement Strategy'	8 May 2014	Dave Gorman, Office of the Chief Executive, (01772) 534261

Report to Cabinet –
'Progress Report on the
Implementation of the
Changes to the County
Council's Strategic
Partnership with BT'

6 March 2014

Dave Gorman, Office of the
Chief Executive, (01772)
534261

Full Council - Amended
Notice of Motion

3 October 2013

Janet Mulligan, Office of the
Chief Executive, (01772)
533361