

Executive Committee

None Specific Ward Relevance

2nd December 2009

DRAFT REVISED PROCUREMENT STRATEGY AND CONTRACT PROCEDURE RULES

(Report of the Acting Deputy Chief Executive and the Head of Legal,
Democratic and Property Services.

1. Summary of Proposals

To seek the adoption of a revised Procurement Strategy and
Contract Procedure Rules.

2. Recommendations

The Committee is asked to **RECOMMEND** that

- 1) the draft Procurement Strategy for 2009-12 at Appendix 1 be adopted; and
- 2) the draft Contract Procedure Rules at Appendix 2 be adopted.

3. Financial, Legal, Policy, Risk and Sustainability Implications

Financial

- 3.1 The revised strategy will improve the way in which the Council acquires or commissions goods, services and works with resulting improved quality and revenue savings. Procurement is a key aspect of Value for Money and any savings achieved through effective procurement can count towards the Council's efficiency targets, our Use of Resources assessment and meeting National Indicator targets. National indicator 179 (NI 179) is defined as: the total net value of ongoing cash-releasing Value for Money gains that have impacted since the start of the 2008-09 Financial Year

Legal

- 3.2 The draft Procurement Strategy provides an overarching framework for the Council's approach to procurement, and takes into account the need to ensure value for money and compliance with legislation and guidance.

The Council is required by Section 135 of the Local Government Act 1972 to make Standing Orders with respect to how the Council contracts for goods, services or works. The Contract Procedure

Rules have to include provisions to ensure that there is competition for contracts and for regulating the way in which Quotations and Tenders are invited. They can make exemptions for contracts below European Union (EU) Thresholds and can authorise the Council to grant exemptions where it is satisfied that there are special circumstances

Policy

- 3.3 The Council's current Procurement Strategy was adopted on 7th August 2006. There is a need to revise and update the Strategy to ensure that it complies with current legislation and guidance and places the Council in the best position to carry out effective procurement.

Risk

- 3.4 The Council could be at risk of failing to carry out its procurement in an efficient manner if the revised Procurement Strategy is not adopted. There is also the risk that the Council would be acting unlawfully if it failed to have in place contract procedure rules that take into account current legislative requirements. Having a clear Procurement Strategy and Procedure Rules help to minimise the risk of Officer non-compliance and to clarify the Council's procurement strategy and processes for businesses and service providers who may bid for the Council's contracts

Sustainability / Environmental

- 3.5 Through the Council's clean and green corporate objective, the Council is committed to improving its sustainability performance and reducing its impact on the environment and climate change. The sustainability of our procurement process is key to achieving this aim and the Strategy will help to ensure that procurement is carried out in a sustainable way that helps to meet the Council's climate change objectives. For example, consideration will be given to reflecting the Council's sustainability objectives and requirements in the pre-qualification questionnaire and tender documents as appropriate, and encouraging suppliers to adopt sustainable practices.

Report

4. Background

- 4.1 The Council carries out a wide range of procurement and spends considerable sums of money procuring goods, works and services. In order to ensure that Officers carry out procurement in such a way

that it helps to meet the Council's objectives, there is a need to revise and update the Council's current Procurement Strategy.

- 4.2 The Council's Contract Procedure Rules sit alongside the Procurement Strategy. These set out in more detail how procurement should be carried out by Officers and form part of the Council's Constitution.

5. Key Issues

- 5.1 The Strategy aims to set a clear framework and way forward for procurement throughout the Council through the adoption of efficient and consistent procurement processes and improvement of the effectiveness of procurement by the Council. It reflects the Council's corporate Vision and Values and is supported by a number of documents including the Corporate Plan, the Contract Procedure Rules (previously SO46), Financial Regulations and Equality and Diversity policies.

- 5.2 The aim of the draft Procurement Strategy is -

"To achieve minimum cost for the goods, services and works we require, whilst maintaining or improving the quality of our services:

- a) by paying less for what we currently buy.
- b) through buying more for the same price or at a lower price and
- c) by improving procurement working practices across the Council".

- 5.3 In revising and updating the Procurement Strategy, your Officers also considered it to be appropriate to revise and update the Council's Contract Procedure Rules. The format of these has changed to try and encourage Officers to think differently about procurement, whilst ensuring that legislative and other requirements are met. As the format of the proposed Rules has changed substantially from the Council's current Contract Procedure Rules, it has not been possible to show the proposed amendments, as has been done with previous revisions to the Rules.

- 5.4 The draft Contract Procedure Rules have also been written in a more straightforward style to help ensure that they can be understood by Members, Officers, potential contractors and anyone else who may be interested in them.

- 5.5 The draft Procurement Strategy and Contract Procedure Rules help to support the Council's Vision and priorities and, in particular, the Enterprising Community priority. One of the key objectives of the

strategy is to “*Engage more effectively with Small to Medium sized Enterprises (SME’s), social enterprises, ethnic minority businesses and the voluntary and community sectors*”.

- 5.6 As the Committee may be aware, local purchasing policies are unlawful as they are anti-competitive. However, this does not mean that local businesses cannot bid for and win Council contracts. Care is taken by Officers when procuring goods, works and services to package appropriate contracts in such a way as to enable bidding from smaller companies and enterprises as well as larger organisations and the use of appropriate evaluation criteria can help to create a more level playing field for all potential bidders.
- 5.7 Members may also be aware that the Council has run a number of supplier seminars to inform local suppliers about how the Council procures its goods, works and services and to ensure that they are aware of what is required when bidding for Council contracts. These seminars have been well attended and appreciated by local businesses. As a result of feedback from the seminars, Officers are looking at ways of reducing the volume of paperwork that needs to be completed by those bidding for Council contracts to ensure a more level playing field for smaller businesses.

6. Other Implications

- Asset Management - None.
- Community Safety - None.
- Human Resources - Procurement is carried out within existing resources
- Social Exclusion - The Council can use its influence to promote a positive approach to equality and diversity and the Strategy will help to ensure that the Council’s contracts promote equality and diversity.

7. Lessons Learnt

Procurement is a process which can be made to seem more complicated than it needs to be. Any procurement processes need to be straightforward and understandable by Officers, contractors and members of the public.

8. **Background Papers**

The Council's Contract Procedure Rules.

9. **Consultation**

This report has been prepared in consultation with the Member Procurement Steering Group and with relevant Borough Council Officers.

10. **Author of Report**

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11. **Appendices**

Appendix 1 - Draft Procurement Strategy.
Appendix 2 – Draft Contract Procedure Rules.