

Cabinet

8 September 2020

Corporate Procurement Strategy

For Decision

Portfolio Holder: Cllr T Ferrari, Finance, Commercial and Assets

Local Councillor(s): All

Executive Director: Aidan Dunn, Executive Director of Corporate Development

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Report Status: Public

Recommendation:

It is recommended that the Council adopts a new Corporate Procurement Strategy (Appendix 1) that not only sets out principles in terms of the approach to procurement but also encompasses a corporate approach to social value to assist maximising the Dorset Pound through procurement outcomes such as: Economic; Social; and Environmental.

Reason for Recommendation:

A Corporate Procurement Strategy is the mechanism to ensure that procurement takes place in accordance with the Council's strategic aims, that it is effective and delivers best value.

The Council is required under the Public Services (Social Value) Act 2012 to account for social value in its commissioning and procurement. The proposed Corporate Procurement Strategy provides key principles and actions to embed practical and effective commissioning that includes a corporate approach to applying Social Value and Corporate Social Responsibility within procurement.

1. Executive Summary

As with all bodies in the public sector, Dorset Council is publicly accountable for how it manages its money.

It is estimated that 51% of the Council's annual budget will be spent on buying external goods, services and works. Spend ranging from Stationery to ICT Infrastructure (Corporate); Speech Therapy to Residential Placements (People – Children); Adult Day Services to Residential Care (People – Adults); School Transport to Surface Dressing (Place); School Nursing to Drug and Alcohol Treatment Services (Public Health Dorset).

The effective procurement of these and other future requirements is crucial in the light of ever challenging budget reductions and the need to secure significant savings. This has been brought into even greater focus as the Council responds to the financial consequences of Covid-19. In this context, delivery of the Council's ambitions requires resourcefulness and procurement can make a major contribution.

This Corporate Procurement Strategy sets out the Council's approach to procurement activity to ensure that it is effective and represents best value to residents of the Council's local authority area. It supports the focus of the Corporate Plan of Dorset Council to make Dorset a great place to live, work and visit, priorities being:

- Economic Growth
- Unique Environment
- Suitable Housing
- Strong, healthy communities
- Staying safe and well

As with other local authorities, Dorset Council's future looks set to be increasingly dependent to the success of its local economy therefore there is a need to understand the impact of spending decisions to the local tax base and ways to retain the "Dorset Pound" within that economy. For the purpose of this Strategy, the definition of "local" means the postcodes of the authority area of Dorset Council and shall apply equally to residents, service users and suppliers.

Through procurement activity the Council's goal is to achieve long-term sustainable commercial success with the ambition to help deliver benefits to communities through specifying additional social value, encourage engagement with local suppliers and voluntary sector groups to maximise the Dorset Pound.

The Corporate Procurement Strategy sets out how to evaluate social value criteria within procurement activities, with the aim to maximise the social,

environmental and economic impact of procurement; as procurement is so much more than purchasing of goods, services or works.

A paper titled “Maximising the Dorset Pound Through Social Value” and evaluation approach of social value was discussed by the Resources Scrutiny Committee on 26th November 2019 with a view of incorporating this into this Strategy.

2. Financial Implications

Value for Money

Procurement is the process of acquiring goods, works and services from third parties. The process includes options appraisal (the ‘make or buy’ decisions) which is a key stage of major projects. The aim is to achieve best value for money.

In the HM Treasury publication Managing Public Money, value for money is defined as:

“It means the best mix of quality and effectiveness for the least outlay over the period of use of the goods, services or works bought. It is not about minimizing upfront prices”.

This means that procurement decisions need to take account, as appropriate, of quality and all the costs that will be incurred by the Council throughout the life of a contract period, or asset, not simply the initial price.

Optimum results are achieved by early market engagement before commencing procurement, to achieve good response from suppliers. Robust contract management, in accordance with the Council’s Contract Management Procedure Guide and Guide to Managing Contract Criticality, shall ensure what has been procured is being delivered to meet the initial requirements within the contracted terms and conditions.

Financial Savings

The Council’s medium term financial strategy predicts that there will be significant funding shortfall for at least the next five years as the Council responds to the Covid-19 crisis and the aftermath. The Council will need to make significant savings, in particular through its procurement and contract management activities. These savings will be achieved by taking a rigorous commercial approach to new procurements, as well as existing contracts.

Funding

Service budgets will need to incorporate funding required for any individual procurement activity and carried out in accordance with the Council’s constitution and supported by this strategy.

3. Climate implications

To be considered by the appropriate project team as part of the business case and rationale for any individual procurement activity. This should incorporate accounting social value which includes environmental implications, as set out in this strategy.

4. Other Implications

As BREXIT is worked through, the public sector procurement landscape may well change following the Government's intention to publish a green paper in Summer/Autumn 2020 titled "Procurement Rules Reform". The Council is a member of the Central Buying Consortium (CBC) and Government Cabinet Office has invited CBC members to input into these reforms.

It is the intention that the Council will explore any opportunities that arise as a result of any change to public sector procurement.

Other implications in terms of individual procurements, are to be considered by the appropriate project team as part of the business case and rationale for any procurement activity.

5. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: LOW
Residual Risk: LOW

6. Equalities Impact Assessment

To be carried out by the appropriate project team as part of the business case and rationale for any individual procurement activity.

7. Appendices

Appendix 1 – Corporate Procurement Strategy

8. Background Papers

None

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.