

# Place and Resources Overview Committee 17<sup>th</sup> September 2021 Commercial Strategy – Commissioning & Procurement Overview

## For Recommendation to Cabinet

**Portfolio Holder:** Cllr G Suttle, Finance, Commercial & Capital Strategy

**Local Councillor(s):**

**Executive Director:** A Dunn, Executive Director, Corporate Development

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**Report Status:** Public

### Recommendation:

The Place and Resources Overview Committee is asked to consider the contents of this report in respect of revision to the current Corporate Procurement Strategy that includes the following key changes and recommend the revised strategy to Cabinet:

- Change of title to “Commercial Strategy – Commissioning and Procurement”
- Consideration to refer to ‘Principles’ rather than ‘Objectives’
- Introduction of the concept of “Being more commercially minded” as set out under the programme.
- Introduction of new objective/principle in respect of “Effective Commissioning” to ensure that cost, quality, environmental and social value are early considerations and not left till procurement.
- Outlining the requirements of the National Procurement Policy Statement (NPPS).
- Setting out the requirement for, at an early stage of commissioning, a clear and concise business case.

## **Reason for Recommendation:**

It is estimated that 51% of the Council's annual budget will be spent on buying external goods, services and works. Effective commissioning and procurement are therefore crucial in the light of ever challenging budget reductions. In this context, delivery of the Council's ambitions requires resourcefulness, being more commercially minded and more business-like in the approach. The proposed revised Commercial Strategy is the mechanism to ensure that commissioning and procurement takes place in accordance with the Council's strategic aims, is effective and delivers best value to residents.

A robust Commercial Strategy that supports commissioning and procurement, is of particular importance considering the pending Public Procurement Reforms and the recent published National Procurement Policy Statement (NPS).

### **1. Executive Summary**

1.1 The purpose of this report is to provide a general procurement policy overview and details of the proposed revisions to the current Corporate Procurement Strategy in both content and title, and to that the Strategy is recommended to Cabinet. Revised titled proposed being "Commercial Strategy – Commissioning and Procurement".

#### **1.2 Public Procurement Reforms**

The consultation on a Green Paper on Procurement Reform closed in March 2021 and it is anticipated a new Procurement Bill will be introduced to Parliament at some point from September 2021. The purpose of the Bill is to streamline and simplify public sector procurement regulations, which currently mirror EU rules. Making new UK procurement rules that are more modern and flexible, with more focus on wider society benefit and community economic growth.

It involves replacing the four different regulations covering public contracts, utilities, defence and concessions with a 'single uniform framework'. There are also plans to replace the seven current different procurement procedures with three procedures only.

The outcome of the Procurement Bill will need to be considered and reflected, if needed, accordingly in the revised strategy.

#### **1.3 National Procurement Policy Statement (NPPS)**

A head of the Reforms, the Government's National Procurement Policy Statement (NPPS) [published 3 June 2021], under Procurement Policy

Note (PPN) 05/21 <sup>①</sup>, sets out that contracting authorities procurement activity must support the delivery of national public sector priorities including generating economic growth, helping our communities recover from Covid-19 pandemic, and supporting the transition to net zero carbon. The importance of efficient, effective public procurement has been underlined by Covid-19 pandemic and that it can play a significant role in the country's economic recovery.

This Statement instructs that contracting authorities should have regard to the following national priorities in exercising their functions to procurement:

- **Social Value** - Creating new businesses, new jobs and new skills; tackling climate change and reducing waste, and improving supplier diversity, innovation and resilience.
- **Commercial and procurement delivery** - All contracting authorities should consider whether they have the right policies and processes in place to manage the key stages of commercial delivery and identified in this statement, where they are relevant to their procurement portfolio.
- **Skills and capability for procurement** - All contracting authorities should consider their organisational and capacity, with regard to the procurement skills and resources to deliver value for money.

<sup>①</sup> See Government announcement and PPN 05/21:

<https://www.gov.uk/government/news/procurement-teams-must-consider-wider-benefits-of-public-spending>

<https://www.gov.uk/government/publications/procurement-policy-note-0521-national-procurement-policy-statement>

#### 1.4 **Corporate Procurement Strategy (2020-2022)**

The Council's current Corporate Procurement Strategy contains similar considerations that are within the NPPS which are across objectives: People, Skills and Development; Strategic Sourcing; Contract Management; Partnership Working; Maximising the Dorset People; Climate and Ecological Emergency.

The Strategy sets out that at least 5% evaluation weighting should be applied within procurement activity in respect of Social Value outcomes such as: Local Employment; Buy Local; Partners in Communities; Good Employer; Green and Sustainable; and Ethical Procurement.

The Council's own approach to procurement activity and its Strategy does compliment the published NPPS however the Strategy is subject to review

to ensure it continues to reflect the needs and the aspirations of the Council.

## 1.5 Proposed Strategy Revision

Under the Commercialisation Transformation Programme (with cross-directorate representation), revision to the Strategy is being proposed with the intention of putting more emphasis on commercial and commissioning. It is a revision rather than re-write. Working title being *“Commercial Strategy – Commissioning and Procurement”*.

The purpose of the strategy to provide a mechanism to ensure that the commercial approach to commissioning and procurement takes place in accordance with the Council’s strategic aims, that it is effective and delivers best value to residents.

Revised titled proposed being *“Commercial Strategy – Commissioning and Procurement”*. This is in light of the pending Public Procurement Reforms and the recently released National Procurement Policy Statement (NPPS).

The proposals on the revised strategy is provided with this report in both tracked changes format and untracked change format.

Appendix A - Tracked – DRAFT v5 – 05 07 21 – Commercial Strategy  
Appendix B - Not tracked – DRAFTv5 – 05 07 21 – Commercial Strategy

Proposed revisions include:

- Change of title to *“Commercial Strategy – Commissioning and Procurement”*
- Consideration to refer to ‘Principles’ rather than ‘Objectives’
- Introduction of the concept of *“Being more commercially minded”* as set out under the programme.
- Introduction of new objective/principle in respect of *“Effective Commissioning”* to ensure that cost, quality, environmental and social value are early considerations and not left till procurement.
- Outlining the requirements of the National Procurement Policy Statement (NPPS).
- Setting out the requirement for, at an early stage of commissioning, a clear and concise business case.

It is acknowledged that further revisions may be required following the Bill on the Procurement Rules Reform and consequent new UK procurement law.

## 1.6 **Strategy considerations**

The report is seeking considerations from the Committee on the revised Strategy and the following:

- Whether the minimum 5% weighting on Social Value should be maintained or increased, acknowledging that the Council does already apply increased weighting if appropriate and proportionate to do so.
- Would the Committee like to receive business feedback, in the form of representation of external business organisations such as Dorset Chamber and/or Federation of Small Businesses, on the Strategy and doing business with the Council. Reflecting that the Strategy continues to have emphasis on “Local” and the focus on local economy under the National Procurement Policy Statement (NPPS).
- Does the Committee consider there any elements of the commercial principles within the revised strategy that needs more added focus?

## 2. **Financial Implications**

- 2.1 None in respect of the proposed revised Strategy however financial implications to be considered by the appropriate project team as part of the business case and rationale for any individual commissioning and procurement activity.

## 3. **Well-being and Health Implications**

- 3.1 Refer to the Strategy in respect of Principle 1: People, Skills and Development, the values set out under Corporate Social Responsibility (CSR), and Social Value consideration in respect of Good Employer.

Well-being and health implications to be considered by the appropriate project team as part of the business case and rationale for any individual commissioning and procurement activity.

## 4. **Climate implications**

- 4.1 Refer to the Strategy in respect of Principle 7: Climate and Ecological Emergency, the value Environmental Management and Sustainability set out under Corporate Social Responsibility (CSR), and Social Value consideration in respect of Green and Sustainable.

Climate implications to be considered by the appropriate project team as part of the business case and rationale for any individual commissioning and procurement activity.

## **5. Other Implications**

5.1 None

## **6. Risk Assessment**

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

Current Risk:       LOW

Residual Risk:     LOW

## **7. Equalities Impact Assessment**

7.1 Refer to the Strategy in respect of the value Equality and Diversity set out under the Corporate Social Responsibility (CSR).

Equalities Impact Assessment to be considered by the appropriate project team as part of the business case and rationale for any individual commissioning and procurement activity.

## **8. Appendices**

8.1 Appendix A - Tracked – DRAFT v6 – 21 07 21 – Commercial Strategy  
Appendix B - Not tracked – DRAFTv6 – 21 07 21 – Commercial Strategy

## **9. Background Papers**

9.1 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.