

Cabinet

8 November 2021

Commercial Strategy - Commissioning & Procurement Overview

For Decision

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

Local Councillor(s): Cllr

Executive Director: A Dunn, Executive Director, Corporate Development

Report Author: Dawn Adams
Title: Service Manager Commercial & Procurement
Tel: 01305 221271
Email: dawn.adams@dorsetcouncil.gov.uk

Report Status: Public

Recommendation:

It is recommendation that Cabinet approves the revised Commercial Strategy.

Reason for Recommendation:

'Being more commercial' is a key part of Dorset Councils transformation programme. In approving the revised Commercial Strategy, Cabinet will be endorsing the approach of the Council becoming more commercially minded and more business-like in its activities.

The Strategy sets the principles, structure and framework for the commercial activity of commissioning and procurement and will enable the Council to attain best value. The updated strategy also aligns the Council with changing national legislation.

1. Executive Summary

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.

The proposed revised strategy is provided with this report in tracked changes format. “Appendix B – Tracked – DRAFT v7 – 17 09 21 – Commercial Strategy” refers.

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.
- Points raised by Place and Overview Committee as set out in Reason for Recommendation section of this report.

On 17th September 2021, Place and Resources Overview Committee received and considered a report which provided details of the proposed revisions to the current Corporate Procurement Strategy in both content and title. It was requested that the Committee recommended the revised strategy to Cabinet. Revised title proposed being “Commercial Strategy – Commissioning and Procurement”.

Councillors considered the revisions to be made to the Strategy and points were raised in the following areas as set out in attached “Appendix A – Draft notes extract P and R Overview 17.9.21 Procurement”.

- Clarification sought on the definition of SME (small to medium size enterprise) as used in the strategy – it was noted that this was a Government standard definition. This would be checked and updated
- Appendix A Social Value Evaluation Questions – flexibility was required for use by different size companies

- Suggestion to include Dorset Council values in the diagram 'Being more commercially minded'. This would be added.
- Wording to be added to 'Principle 1: People, Skills and Development' to make reference that recruitment should be proportionate and in accordance with the Council's HR policy
- To add a web link to the Council's equality and diversity policy and check wording was in line with policy
- Wording to be added to 'Principle 2: Effective Commissioning' to set out best value issues
- 'Mitigating Fraud and Corruption Risks' – an action line would be added in consultation with Legal Services
- There was potential to work with town and parish councils to achieve economies of scale in procurement.

The Strategy has been amended accordingly.

The Committee agreed a 'Minded to' recommendation that Cabinet approve the revised Commercial Strategy – Commissioning and Procurement.

Committee papers: [Place & Resource Overview Committee](#)

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 ^①, 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.

① 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>

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 – Draft notes extract P and R Overview 17.9.21 Procurement
Appendix B - Tracked – DRAFT v7 – 27 09 21 – Commercial Strategy

9. **Background Papers**

- 9.1 [Place & Resource Overview Committee](#)

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.