

**To: City Executive Board**

**Date: 5<sup>th</sup> December 2012**

**Report of: Head of Business Improvement and Technology**

**Title of Report: Procurement Strategy 2013 - 2016**

## **Summary and Recommendations**

**Purpose of report:** To seek approval from the City Executive Board to adopt the Council's new Procurement Strategy 2013 to 2016.

**Key decision?** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** An Efficient and Effective Council

**Recommendation:**

(1) That the City Executive Board approves the new Procurement Strategy 2013-2016 as set out at Appendix1.

**Appendices:**

- (1) Draft Procurement Strategy
- (2) Risk Register

**Background Papers;**

### **1. Purpose**

- 1.1 This strategy replaces the current procurement strategy which was written to cover the period 2010 – 2014.
- 1.2 During this time the profile of procurement within the Council as well as within the sector has been raised and the demands put on the procurement team have significantly increased.
- 1.3 This strategy outlines the future direction of procurement within the Council and creates a sound base for an efficient and compliant

service that meets the Council's GOLD (Greater Outcomes, Leaner Delivery) aspirations.

## 2. **Background**

- 2.1 The Council's second Procurement Strategy was approved by the Executive Board in 2010. It sought to define how procurement would support the council in achieving the ambitious efficiency targets set out in the 2007 Comprehensive Spending Review and the Gershon and Varney reports. It also concentrated on how the Council approached sustainable procurement in light of the Simms and Glover reports.
- 2.2 The proposed new strategy builds on the good work to date and focuses on delivering new efficiencies and benefits to the community and economy, our commitment to carbon reduction and delivering affordable housing. It also builds in new legislative requirements.
- 2.3 The Procurement Strategy inter-relates with the Council's Constitution. Therefore all purchases must be compliant with the contract procedure rules and, where appropriate the EU procurement regulations.

## 3. **Key Changes Reflected in this Strategy**

- 3.1 The revised strategy reflects the Council's objective of continuous improvement. The key changes to the strategy are listed below:

### **Legislative changes**

- The Localism Act and the Community Right to Challenge which enables "relevant bodies" to express an interest in running council services.

The strategy lays out the Council's approach to the Community Right to Challenge, which is to ensure that all contracts which might be suitable for a not for profit organisation to tender for and deliver are reviewed before being advertised. The tender evaluation criteria will also be reviewed to ensure any added benefit that such an organisation can offer are properly reflected.

The Council does not propose to create a specific timetable of suitable tender opportunities for organisations to make expressions of interest against but will consider any application if received.

- The Public Services (Social Value) Act has also come into force this year and this requires the Council to consider the social benefits that a procurement may bring. For example, the requirement in a tender for the supplier to provide jobs for local people.
- There is now a statutory requirement for local authorities to publish all spend over £500. The strategy sets out how the Council complies with

this requirement and makes it's spend and procurement activity transparent to all.

- In preparation for EU procurement legislation due to come into force in 2014 regarding electronic tendering, the Council has fully implemented and rolled out an electronic tendering (e-tendering) system. As well as being a comprehensive platform for running EU tenders on, the system enables officers to run quick and efficient competitive quote exercises.

### **Other Changes**

- The council's Living Wage policy and its expectations on suppliers in relation to this policy is clearly outlined.
- The work that the Council does in order to develop suppliers and achieve the procurement income target has been updated. The proposed training programme for officers regarding contract management and certification in public procurement is also included in this strategy.
- The strategy supports the Council's position on supporting the local economy, in particular, the requirement to create as many local apprenticeships and jobs as possible.
- The Procurement Hub was in its infancy when the current strategy was written. This refresh details the many positive outcomes that the Hub has achieved and sets out the Council's approach to further collaborative procurement going forward.
- The Strategy sets out the Council's approach to outsourcing and market testing.
- The strategy also details how procurement will support, and help achieve, the challenging savings targets that are placed upon the council.

## **4. Future of the Strategy**

- 4.1 Although this strategy is intended to cover the period 2013 – 2016, it will be necessary to review it in terms of performance and to take into account any new situations, for example: an upturn in the economic climate, or new legislation or initiatives that may affect its content. It is proposed that the Procurement Strategy should be reviewed on an annual basis.

## **5. Financial Implications**

- 5.1 There are no financial implications directly related to this report.

6. **Legal Implications**

6.1 It is best practice for Councils to have in place a Procurement Strategy. Higher value procurement activity is governed by the EU Procurement Regulations.

7. **Risk**

7.1 The risks associated with the implementation of this strategy are minimal. A risk register is attached at Appendix 2.

Appendices to report

- (1) Draft Procurement Strategy
- (2) Risk Register

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