

**REPORT TO:** Business Efficiency Board

**DATE:** 26 September 2018

**REPORTING OFFICER:** Strategic Director – Enterprise, Community & Resources

**SUBJECT:** Procurement Strategy – Update Report

**PORTFOLIO:** Resources

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

To provide an update on progress with delivery of the Council's Procurement Strategy 2016-19 as at 31 August 2018.

### **2.0 RECOMMENDATIONS: That the progress achieved to date in delivering the Council's Procurement Strategy 2016-2019, be noted.**

### **3.0 SUPPORTING INFORMATION**

#### Procurement Strategy Update

3.1 The Board approved the Council's current Procurement Strategy in June 2016. The strategy follows the format commended by the Local Government Association's "National Procurement Strategy for Local Government in England" and is based around four key themes:

- Making Savings
- Supporting Local Economies
- Leadership
- Modernising Procurement

3.2 Appendix 1 to this report provides an update in regard to progress against the strategy. Significant progress has been made in implementing the strategy and all areas of focus have been addressed and now form part of the Council's standard procurement practice.

3.3 It is however important to note that a number of the areas contained within the strategy are ongoing activities that will be further developed over time. In particular, the Procurement team is continuing to work with partners, particularly across the Liverpool City Region, in order to make best use of the combined procurement resource to improve efficiency, innovation and achieve better outcomes from procurement.

3.4 There have already been a number of positive outcomes from the increased collaboration across the Liverpool City Region. 81 collaborative contracts are already in place and work is ongoing identifying further opportunities. Price

benchmarking has also been completed on a number of common contracts, which has identified a number of savings opportunities.

3.5 Looking ahead, the Council's Procurement Strategy will need to be updated to take account of the LGA's recently published National Procurement Strategy for Local Government in England 2018 entitled 'Delivering the ambition'. The strategy builds upon the previous national strategy and has three key themes:

- **Achieving Community Benefits**
  - Obtaining social value
  - Engaging local SMEs and micro-businesses
  - Enabling VCSE (voluntary, community and social enterprises)
  
- **Showing Leadership**
  - Engaging councillors
  - Engaging senior managers
  - Working with partners
  - Engaging strategic suppliers
  
- **Behaving Commercially**
  - Creating commercial opportunities
  - Managing contracts and relationships
  - Managing strategic risk

3.6 Work will shortly commence on reviewing the 2018 National Strategy and associated toolkit and assessing the Council's maturity in each of the key areas. This assessment will then be used to inform an update of the Council's own Procurement Strategy and to agree objectives and set local goals. An updated version of the strategy will then be presented to the Board in 2019.

#### Wider impact of procurement activity

3.7 The Council's procurement activity continues to benefit the local economy and provide opportunities for a wide range of potential suppliers, such as SME's both local and national. SMEs are defined as being companies with fewer than 250 employees and a turnover of less than £50 million. Research indicates that SMEs play a major role in creating jobs and generating income for those on low incomes.

3.8 Spend data from 2017/18 demonstrates that the Council's procurement activity makes a significant contribution towards supporting SMEs and the local economy:

- In terms of revenue expenditure, 86% of the suppliers used by the Council were SMEs (1,632).
- Total spending with SMEs was £61.6m, which represents 69% of influenceable spend (£88.7m).
- The Council spent £21.0m with 315 Halton based suppliers. This represents 24% of influenceable spend (£88.7m). Of those suppliers,

306 were SMEs were local to Halton, which is a slight increase from 301 in 2016/17.

- 3.9 Social value is another area where the Council is successfully using its procurement activity to achieve additional economic, social and environmental wellbeing benefits from its contracts at no extra cost. Social value is firmly embedded into the Council's procurement processes and the Procurement Team has established a comprehensive system to manage and monitor the delivery of social value commitments made by suppliers.
- 3.10 Appendix 2 to this report provides details of the current social value gains that are being delivered as a result of procurement activity. It helps to demonstrate how the money the Council spends on the delivery of services is also used to secure wider benefits for the local community.

#### **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

- 4.1 Effective procurement practice helps to reduce the costs associated with undertaking procurement. It also helps to realise cashable savings from more robust procurement activity. As such, effective procurement forms a key element of the Council's Medium Term Financial Strategy.
- 4.2 There are no other financial or policy implications arising directly from this report.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **5.1 Children and Young People in Halton**

Effective procurement practice helps to realise cashable savings from the Council's influenceable spend. This contributes to a better use of resources and thereby contributes to the delivery of all the Council's priorities.

##### **5.2 Employment, Learning and Skills in Halton**

See 5.1 above

##### **5.3 A Healthy Halton**

See 5.1 above

##### **5.4 A Safer Halton**

See 5.1 above

##### **5.5 Halton's Urban Renewal**

See 5.1 above

#### **6.0 RISK ANALYSIS**

- 6.1 There are no risks resulting directly from this report. However, the adoption of robust procurement practice protects the Council from challenges to its procurement activities and helps to secure value for money.

**7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None

**8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

There are no background papers under the meaning of the Act.