

CABINET

3 SEPTEMBER 2013

PROCUREMENT STRATEGY

Portfolio Holder: Councillor Alan Jarrett, Finance

Report from: Perry Holmes, Assistant Director, Legal and Corporate Services

Author: Genette Laws, Head of Category Management

Summary

The purpose of this report is to introduce a new procurement strategy for the council.

The strategy sets out how the council will spend public money better by designing services that deliver better outcomes; ensuring that public money contributes to a thriving local economy and creating local employment; reducing the bureaucracy relating to procurement and using our intelligence about spend and the markets to achieve efficiencies.

1. Budget and policy framework

1.1 The Council spends £230 million with third parties each year, which is managed through various forms of procurement. These procurements are approved by Cabinet or under officer delegation in accordance with the council's contract rules.

2. Background

2.1 Medway has a local economy of £2.8 billion and therefore the public money that is spent with third parties represents about 8% of the local economy.

2.2 In December 2012, a category management team was developed to create a capacity within the council to spend public money better through smarter procurement of goods, services and works. The council spends over £230 million with third parties per annum and more intelligent procurement will lead to a more efficient use of resources that will provide cashable and non-cashable savings for the council.

2.3 The council's last procurement strategy was presented in 2002. The strategy very much focused on how the council would comply with the EU regulations.

3. Options

- 3.1 There are three broad options for the council in relation to communication with the business community. They are:
- A. Continue to rely on the current procurement strategy
 - B. Update the current strategy
 - C. Create a new strategy that explains how the council wants to be the best council to do business with and receive services from
- 3.2 On 9 July 2013, Cabinet agreed that option C was the preferred option and a consultation exercise on the draft strategy commenced on 26 July.

4. Advice and analysis

- 4.1 All local authorities have a procurement strategy. There are some excellent examples of procurement strategies in places like Surrey County Council and Camden Council, where their communication about procurement is aimed at the key stakeholders that they work with (commercial partners) and support (customers or service users).
- 4.2 The succinct presentation of the strategy reflects the style that many local authorities are adopting, which is short and in plain English. For Medway, the strategy is written with the intention that the main stakeholders (suppliers and customers) should be able to read the strategy and know what it means for them.
- 4.3 The strategy's format includes measures for success and case studies to demonstrate the council's commitment to improving procurement in Medway for the benefit of businesses and the general public.
- 4.4 The strategy sets out how the council spends its money with third parties in relation to the four themes listed below:
- Better services, better outcomes
 - Intelligent spending
 - Reducing red tape
 - Improving the local economy.

Better services, better outcomes

This theme relates to ensuring that innovation is a key feature of the procurement process so that service improvement is as important as efficiencies.

Intelligent spending

The council spends a significant amount each year with third parties, which will benefit from the new category management approach to procurement. The category management approach is about smarter supply chain management, improved supplier relationship management and greater value for money. This is achieved through market research and spend analysis that contributes to evidence-based decision making.

Reducing red tape

The council is changing its contract rules and tender documentation so that the suppliers experience fair competition regardless of size.

Improving the local economy

The council has the leverage through third party spend to improve local employment and the local economy. This theme focuses on how contracts worth over £1 million will be required to support at least one Apprentice.

5. Risk management

- 5.1 The risks associated with the strategy relate to the council not delivering on its commitments set out in the strategy, see the table below.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Reputational	The council does not deliver against the performance indicators in the strategy	<p>The Category Management team could provide a briefing note about the team's performance against targets to the business support overview and scrutiny committee on a six monthly basis.</p> <p>In response to the consultation event on 26 July, the Category Management Team will hold six monthly events to meet with suppliers and confirm our progress against the targets in the strategy.</p>	Low

6. Consultation

- 6.1 This strategy is written in such a way that it is accessible to suppliers and has been shared with the Federation for Small Business, Kent Chambers of Commerce and the Kent Business School to provide comments on the contents and the format.
- 6.2 Cabinet agreed on 9 July 2013 that the Council consult on the draft strategy.
- 6.3 A Supplier Event took place on 26 July 2013 at the Corn Exchange where the strategy was presented. Over 100 representatives from the business community attended.
- 6.4 At the event, attendees were asked to have a discussion on their table about the strategy and provide initial feedback in the context of four questions relating to:
- 6.4.1 'What are your initial thoughts about the strategy that the Council is proposing?'
 - 6.4.2 'Is there anything that you would have expected to be included or strongly disagree with?'
 - 6.4.3 'What are you most encouraged/pleased to see considered/included within the strategy?'
 - 6.4.4 'Please feel free to add further comments in the box overleaf.'
- 6.5 After the event the strategy was posted on the council website along with an electronic questionnaire. See <http://www.medway.gov.uk/business/procurement.aspx>. This was highlighted to those that could not attend the event.

6.6 Twenty-two suppliers responded to the electronic questionnaire and their comments reflected those that attended the event on 26 July 2013. The outcome of their responses and any specific comments are detailed in Appendix B of the report.

6.7 The feedback is as follows:

Consultation point	What people said	How we will respond
Overall approach to consultation	Positive responses about meeting the team face to face and being asked for their views	No change needed.
Themes	Broadly welcomed. Suppliers are very pleased to see a commitment to reducing red tape with almost all of the feedback forms mentioning it.	No change needed.
Overall targets	Pleased with targets but concerned about monitoring of them.	Six monthly reporting to the Procurement Board will enable officers to be held to account for the delivery of the strategy, along with an implementation plan that will support the final draft of the strategy.
SME targets	Glad to see we are looking at SMEs and local business but have said we must be careful not to lose focus on issues such as price and quality.	No change required.
E-tendering	They are also keen to see the adoption of e-tendering and the Kent Business Portal providing that it actually works and they can easily navigate the system and receive notifications of upcoming contracts.	'Meet The Buyer' events where the council invites suppliers from a particular sector to meet with client departments and the category management team. Such events can be used as opportunities to provide training on the system and in any event pre-tender dialogue meetings could also be held in the first 12 months of introducing this system, although many providers who work with Medway Council also work with Kent County Council and other public bodies who already use the portal.
Simplifying the tender process	Suppliers are looking forward to a clearer and more	The changes to the contract rules were approved by Full

Consultation point	What people said	How we will respond
	simplified process of tendering	Council and will be implemented from 1 September 2013. Tender documentation is currently under review.
Apprenticeships	The apprenticeship scheme is seen as a big positive with some suppliers keen to see more of it but some are unsure where they would go to get apprentices.	Should the strategy be approved, the category management team will ensure that there is clear signposting in future tender documentation and on our websites for suppliers to Economic Development who support apprenticeships, Mid Kent College and any other agencies that support apprenticeships.
Purchasing cards	Some attendees were confused about what purchasing cards are, and, those that do know are glad to see they may be implemented	We will clarify this in the strategy.
Use of consortia	Suppliers recognise the benefits of consortia but feel they pose issues for some SMEs due to a perceived loss of identity and independence and some have suggested that the promotion of sub-contracting may be another way to go.	This comment provides helpful insight for the category management team in terms of developing a booklet called 'Doing Business with Medway council' which intended to promote the option of consortiums. No overall change.
Spend with SMEs	There was some confusion over differentiating between the spend with SMEs and <u>local</u> SMEs	This is made clearer within the strategy

7. Business Support Overview and Scrutiny Committee

- 7.1 The Business Support Overview and Scrutiny Committee considered this report on 13 August 2013.
- 7.2 The Committee welcomed the report and discussed a number of issues, including
- use of apprenticeships – it was noted that use of apprenticeships aligned with the Social Value Act and good examples had been seen with existing contractors.
 - Purchasing cards – it was explained that these acted like a debit card and were issued to officers, which provided an audit trail of expenditure and also limited the amount of expenditure undertaken. These also avoided various steps required in terms of manual invoicing and therefore it was felt these would also help reduce the cost of invoicing.
 - Advertisement of contract opportunities available – it was confirmed that all available contracts would be advertised on the category management page on the council's website and this page had been made easier to find and navigate from the Council's main web pages. In addition the team were also using Kent Business Portal to further alert companies of opportunities.
- 7.3 In relation to intelligent spending the Head of Category Management undertook to provide the Committee with an example, via a briefing note, of how this category management approach had been adopted within the recent Homecare contract process. Officers also agreed to provide a breakdown of the £230 million budget that the Council uses to spend with third parties per annum, as stated in the report. In relation to ensuring value for money the Head of Category Management agreed to provide Members with information on the differentiation between prices paid in contracts for products and how this compared with retail prices.
- 7.4 The Committee recommended the draft Procurement Strategy to the Cabinet for approval. The Committee also requested that a report on progress and impact of the Procurement Strategy, if approved by Cabinet, be brought to the Committee in six months time.

8. Financial, legal and equalities implications

- 8.1 There are no direct financial implications arising from the report.
- 8.2 There are no direct legal implications relating to this report. However in implementing this strategy the Council needs to ensure that it balances its aspirations for local SMEs with its duty to comply with EU procurement rules and that where it proposes to give assistance to local SMEs, either by way of grant aid or otherwise, that it gives full consideration to rules relating to State Aid.
- 8.3 A diversity impact assessment has been completed for this Strategy and is attached in Appendix C.

9. Recommendations

9.1 That Cabinet approve the Procurement Strategy as set out in Appendix A.

10. Suggested Reasons for Decisions

10.1 The proposed strategy sets out how the Council would spend public money better through designing services that deliver better outcomes; ensuring that public money contributes to a thriving local economy and creating local employment; reducing the bureaucracy relating to procurement and using intelligence about spend and the markets to achieve efficiencies.

Lead officer contact

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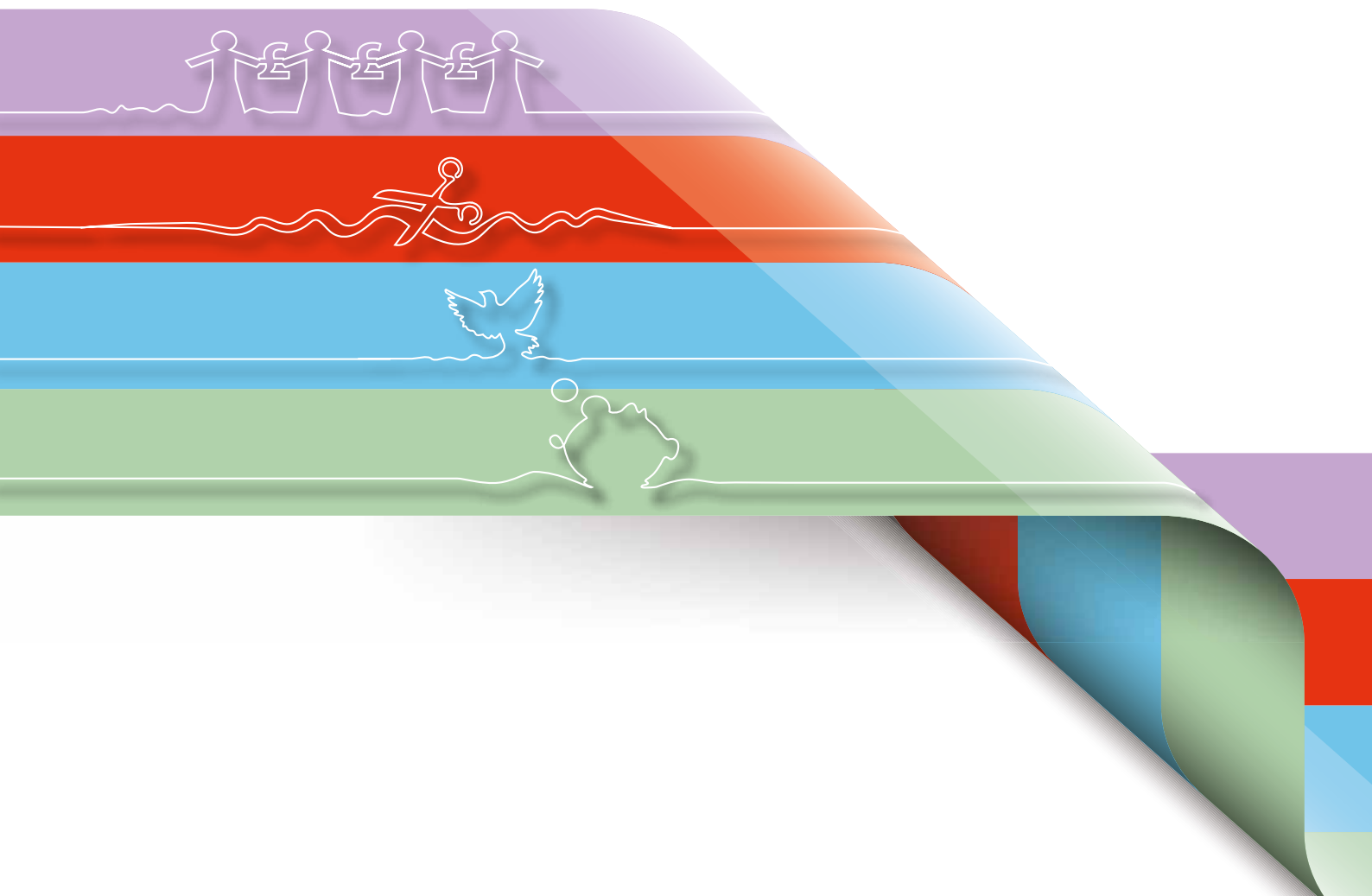
Background papers

Cabinet report Procurement Strategy 9 July 2013

<http://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=2758&T=10>

Procurement strategy 2013 – 2016

Spending public money better



Introduction



I am delighted to introduce our procurement strategy 2013-16

In the UK, councils spend about £60 billion each year procuring goods and services. In Medway, the council's proportion is about £230 million. There is significant benefit in ensuring this money is spent well with the potential for every £1 spent to generate a further 63p.*

We recognise the need to maximise the opportunities that procuring well provides, to ensure value for money; improved services and choice for customers; and to support the local economy. This is particularly so as we rise to the challenge of a 41 per cent reduction in our grant funding as well as the wider economic downturn.

It has always been the case that recessions encourage innovation and this means that as a council we must look at new and innovative ways to provide better services to our residents with less money. We want the way we procure to encourage suppliers to improve the services they provide and give employment prospects to young people, care leavers, disabled people and ex-service personnel.

We are committed to building on the excellent examples of contract management within the council and move towards supplier relationship management so that our efficiencies deliver better for less through innovation. We will continue to take opportunities to collaborate with other councils to pool our resources and increase our buying power and to get better deals from suppliers.

We have listened to feedback from current suppliers, local businesses and, in particular, local small and medium enterprises (SMEs) and we want to make it easier for you to work with us and win our contracts. We want a vibrant local economy and want our customers to have more choice too.

You will know that we have been successful in our new approach if we meet the success measures in this strategy and the aspirations set out below:

- We can show you examples of council services that have improved through better procurement.

- Suppliers tell us that our processes are straightforward, less bureaucratic and that we have reduced red tape.
- Suppliers tell us they find it easier to spot opportunities to bid for work.
- Young unemployed people, care leavers, disabled people and ex-service personnel are getting apprenticeships through our suppliers.
- The people that use council services, residents, community organisations and partners tell us that the goods and/or services being procured meet their needs and, where appropriate, they are involved in the procurement process.
- Our suppliers come to meet the buyer events; engage in pre-procurement dialogue; provide transparent feedback; tell us they are aware of trading opportunities with us, and if appropriate, we secure their input and expertise to develop our services.
- Local chambers of commerce, the Federation of Small Businesses, other local business associations, other representative trade and industry bodies and voluntary sector representative groups engage with us in developing our procurement approach.
- We are working collaboratively using professional buying organisations including the Government Procurement Service and others to make best use of existing expertise, resources, and to share best practice.

I want Medway to benefit from a fair deal when we spend public money with third parties on goods, services and infrastructure.

Rest assured that Medway is making procurement your business.

Councillor *Alan Jarrett*

Portfolio Holder for Finance

Supporting the local economy

Focusing public money on local businesses and employment for local people

“When you buy from a local, independent, small business, it creates a ripple effect for the community.”

Jeff Milchen, co-founder of the American Independent Business Alliance.



We are keen to make the public money we spend go further. The Medway economy is worth around £2.8 billion per year and has an estimated 13,000 businesses. We have always supported local businesses and want a vibrant Medway economy.

We know that 80 per cent of Medway businesses are SMEs so we will ensure that it is just as likely that a SME wins our business as a large supplier.

Our supplier survey tells us that in 2012/13 approximately 29 per cent of our third party spend was with businesses based in Medway. We want to do better. Our spend with SMEs was 30 per cent and this is below the average for English unitary authorities.

The council asked the contractor chosen to build the three new academies in Medway to use a percentage of local labour. This demonstrates our commitment to procurement making a difference in terms of local employment and they delivered apprenticeships too. We want to do more of this.

Our strategic partnership with Kent Business School of the Kent University and Greenwich University means local business are getting support to increase their competitiveness for both public and private sector opportunities. We want local businesses to be good at pitching for our work.

The Social Value Act provides the council with a hook to ensure that the organisations we work with demonstrate corporate social responsibility that contributes to the prosperity of Medway.

CASE STUDY:

In March 2013, the cabinet agreed to the creation of a joint venture company that will provide facilities management services to the southeast.

A 10-year contract has been signed with Norse Commercial Services. The outcomes and outputs of the deal are as follows:

- 1 Protecting local employment through income generation.
- 2 Sub-contracting with local SMEs to promote growth and wealth in Medway.
- 3 Creating apprenticeships for people who are care leavers, ex-service personnel or have disabilities.

DID YOU KNOW?

THE AVERAGE THIRD PARTY CONTROLLABLE SPEND WITH SMES IS 42 PER CENT FOR ENGLISH UNITARY AUTHORITIES.

Measures of success



- 50 per cent of third party controllable spend is with SMEs.
- Ensure that contractors that receive more than £1 million per year from the council support at least one apprentice at any time during the life of the contract.
- 40 per cent of third party controllable spend is with local SMEs*

* The council defines local as being in the Medway boundary

Reducing red tape

Making competition for public contracts fair and possible for all businesses

“Successful people understand that you don't need to make things complicated.”

Anne McKeivitt, entrepreneur, TV personality, author and philanthropist.



Public procurement is highly regulated in order to ensure fair and open competition, and over the years the rules have become more complicated.

We want to make it easier for businesses to find tender opportunities. We also want to make the time taken to submit bids shorter. We will advertise opportunities to contract with the council on the Kent Business Portal as well as our website and ensure that successful contractors advertise their sub-contracting opportunities on that portal too.

Red tape often springs from a need to demonstrate control - control of risk. However, sometimes this need to control risk can lead to policies and procedures that are unnecessarily burdensome particularly on SMEs and voluntary sector organisations*.

The creation of a Category Management Team means that the council has invested in an approach to procurement that allows greater flexibility and creativity whilst appropriately managing risk.

The council is committed to ensuring that when developing a commercial strategy for a procurement, we will also ensure that the requirements for managing risk do not stifle competition or innovation.

CASE STUDY:

Bonds are often required to manage the risk of a provider under-performing. Such a requirement will often cause SMEs to be less competitive with large organisations that can secure the alternative of a parent company guarantee without any cost.

We considered the specific risks relating to the recent Homecare tender. Homecare is a competitive supplier market where we already had 16 providers, so plenty of capacity.

By removing the requirement for a bond or a parent company guarantee we cut red tape and encouraged four more local SMEs into the Homecare market.

Measures of success



- The council will introduce an e-procurement system that will enable providers to register once and be alerted about all procurement opportunities, by September 2013.
- The council will reduce the average timescale of procurements from 140 days to 50 days by September 2014.

DID YOU KNOW?

SMALL FIRMS SPEND NEARLY £16.8BILLION A YEAR ON COMPLYING WITH RED TAPE, ACCORDING TO RESEARCH BY THE FORUM OF PRIVATE BUSINESS.

* The council has a voluntary sector strategy that can be found at: <http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=6775&nobdr=2>

Improved services, better outcomes

Spending public money better for the benefit of all communities in Medway

“ Focus on constant iteration of your product or service. Never hold too closely to your idea but be open to change and innovation. ”



Jean Chong, CEO and co-founder of Starbates.

Procurement is an opportunity for us to improve and develop our services through innovation. Every time the council renews a contract, it will consider the following:

- 1 Does the service provide the outcomes required by our customers?
- 2 If not, should we consult customers, providers and other interested parties and consider re-designing the service?
- 3 Is the service cost-effective?

By asking these questions, the council will find opportunities to improve services and deliver better outcomes.

As part of the procurement process, the council will ensure that current and prospective customers, providers and other interested parties are involved in reviewing the key features of contract specifications for services and goods with a value of over £3million.

Measures of success



- A minimum of 80 per cent of procurements over £3million will include pre-tender dialogue with suppliers.

CASE STUDY:

The council is proud of the approach taken to renewing the Homecare contract.

In 2011/12, the council spent £12million per year on caring for vulnerable people in their homes by getting them in and out of bed, helping to feed and wash them or provide medication.

This was the final year of a nine-year contract, which did not reflect how people wanted to be supported.

By consulting with end-users, social care professionals and providers of the service, the council introduced the following changes:

- 1 people can choose who takes care of them;
- 2 the providers are incentivised to maintain or strive for excellence because they are reassessed every six months; and
- 3 the £1.9million consequent reduction in costs to the council also means that those that fully fund their care made savings too.

DID YOU KNOW?

THE COUNCIL SUPPORTS 1,800 PEOPLE TO STAY IN THEIR HOMES. THE COUNCIL HAS REDUCED THE UNIT COST TO PROVIDE THIS AND CREATED MORE CHOICE ABOUT WHO PROVIDES THAT CARE.

Intelligent spending

Taking an evidence-based approach to procurement

“ All the business of war, and indeed all the business of life, is to endeavour to find out what you don't know from what you do ”

The Duke of Wellington

Many councils, like Medway, have moved to a category management approach to procurement and this means that the opportunities for re-designing services and buying in a smarter way have increased.

Intelligent spending is achieved by:

engaging with the market to inform and test out service redesigns;

identifying opportunities to improve supply chain management;

improving supplier relationship management so that innovation is at the heart of contract management discussions;

reducing the time spent identifying a supplier and increasing the time spent developing the contractual relationship; and

addressing our tail-spend because it costs the same to process an invoice of £100 or £1million

By working through the programme of actions listed above, the council will build a body of evidence that will enable officers to improve its understanding of the sectors that it is engaged with. This improved understanding will enable strategic decisions to be made about how we purchase and who we purchase from.

Measures of success



- Reduce by 25 per cent the number of invoices with a transaction value of less than £500 by September 2014 with the introduction of purchasing cards.

from 'E-invoicing in public procurement: another step towards end-to-end e-procurement and e-government in Europe

CASE STUDY:

The council recently worked with post-graduate students from Kent Business School on spend analysis for four areas, to identify opportunities for more intelligent spending.

Recommendations from the students included:

- Introduction of purchasing cards.
- Increased use of e-catalogues.
- Greater use of framework.

Purchasing cards are a type of company debit card. They are sometimes referred to as procurement cards, PCards or P-Cards. PCards are used for high volume, low value transactions and can offer efficient, controlled buying power for the council and improve cash flow management for businesses by eliminating the need to manually process invoices. Many PCards offer facilities that include a limit for individual transactions, real-time monitoring of transactions and the opportunity to limit where the card is used and/or what it is used for.

DID YOU KNOW?

THE COUNCIL HAS OVER 6,000 SUPPLIERS, ALMOST TWICE AS MANY AS HAMPSHIRE COUNTY COUNCIL.

WE SPEND £500 OR LESS WITH OVER 1,700 PROVIDERS AND IT COSTS £3 TO PROCESS AN INVOICE.

SWITCHING FROM PAPER TO FULLY AUTOMATED INVOICING CAN CUT THE COSTS OF RECEIVING AN INVOICE FROM £25-£40 DOWN TO 85P

Our vision for success

Measure of success	Timescale
We can show you examples of council services that have improved through better procurement.	September 2013
Suppliers tell us that our processes are straightforward, less bureaucratic and that we have reduced red tape.	September 2014
Suppliers tell us they find it easier to spot opportunities to bid for work.	March 2014
Young unemployed people, care leavers, disabled people and ex-service personnel are getting apprenticeships through our suppliers.	March 2014
The people that use council services, residents, community organisations and partners tell us that the goods and/or services being procured meet their needs and, where appropriate, they are involved in the procurement process.	December 2013
Our suppliers come to 'meet the buyer events, engage in pre-procurement dialogue and, if appropriate, we secure their input and expertise to develop our services.	December 2013
Local chambers of commerce, the Federation of Small Businesses, other local business associations, other representative trade and industry bodies and voluntary sector representative groups engage with us in developing our procurement approach.	September 2013
We are working collaboratively using professional buying organisations including the Government Procurement Service and others to make best use of existing expertise, resources, and to share best practice.	September 2013

Our vision for success

Measure of success	Timescale
50 per cent of third party controllable spend is with SMEs.	September 2014
Ensure that suppliers that have contracts with a value of more than £1million per year from the council support at least one apprentice at any time during the life of the contract.	March 2014
The council will introduce an e-procurement system that will enable providers to register once and be alerted about all procurement opportunities.	September 2013
The council will reduce the average timescale of procurements from 140 days to 50 days.	September 2014
A minimum of 80 per cent of procurements over £3million will include pre-procurement dialogue with suppliers.	March 2014
Reduce by 25 per cent the number of invoices with a transaction value of less than £500 with the introduction of purchasing cards.	September 2014

Who to contact



Customer services: 01634 333333 8am to 8pm (Mon-Fri) 9am to 1pm (Sat)

Please note: Calls to customer services may be recorded or monitored for security and staff development purposes.



Category Management, Medway Council, Gun Wharf, Dock Road, Chatham, Kent ME4 4TR



Email: categorymanagement@medway.gov.uk

Website: www.medway.gov.uk



Minicom: **01634 333111**

This information can be made available in other formats from **01634 333333**

If you have any questions about this leaflet and you want to speak to someone in your own language please ring **01634 335577**

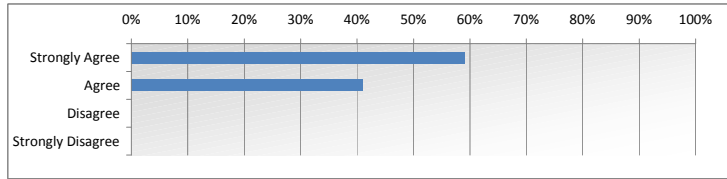
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Supplier Event - SurveyMonkey Feedback Results

Q1

The Council's commitment to having 50% of their third party controllable spend to go to local SMEs is a good thing

Answer Choices	Responses	
Strongly Agree	59.09%	13
Agree	40.91%	9
Disagree	0.00%	0
Strongly Disagree	0.00%	0
Total	22	

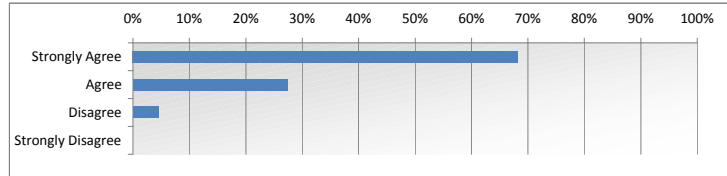


Comments(4)

Q2

Suppliers receiving more than £1 million should support at least one apprentice

Answer Choices	Responses	
Strongly Agree	68.18%	15
Agree	27.27%	6
Disagree	4.55%	1
Strongly Disagree	0.00%	0
Total	22	

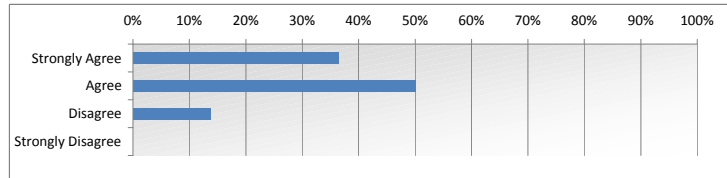


Comments(2)

Q3

The introduction of e-tendering will allow suppliers to find suitable contracts quickly and easily

Answer Choices	Responses	
Strongly Agree	36.36%	8
Agree	50.00%	11
Disagree	13.64%	3
Strongly Disagree	0.00%	0
Total	22	

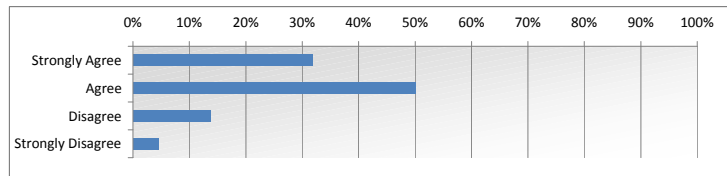


Comments(3)

Q4

The removal of pre-qualification questionnaires, where appropriate, is a good idea

Answer Choices	Responses	
Strongly Agree	31.82%	7
Agree	50.00%	11
Disagree	13.64%	3
Strongly Disagree	4.55%	1
Total	22	

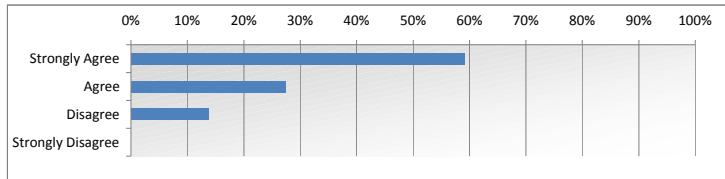


Comments(3)

Q5

Pre tender dialogue with suppliers for procurements over £3 million will ensure the best service is provided

Answer Choices	Responses	
Strongly Agree	59.09%	13
Agree	27.27%	6
Disagree	13.64%	3
Strongly Disagree	0.00%	0
Total	22	

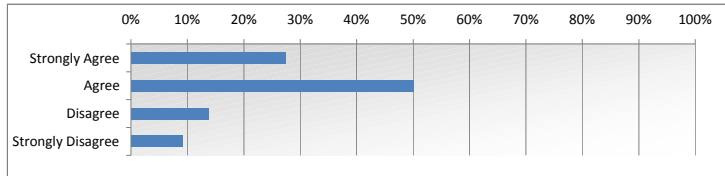


Comments(3)

Q6

The reduction in the overall number of suppliers makes sense as it will enable the council to establish stronger relationships with fewer

Answer Choices	Responses	
Strongly Agree	27.27%	6
Agree	50.00%	11
Disagree	13.64%	3
Strongly Disagree	9.09%	2
Total	22	

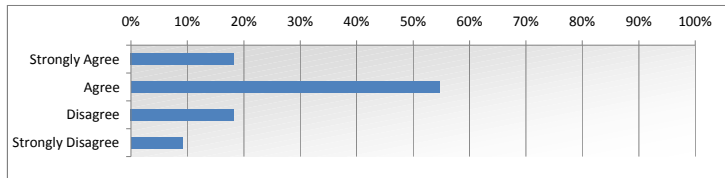


Comments(7)

Q7

Do you think that the council introducing a payment card for transactions of less than £500 in value has benefits for you as a company?

Answer Choices	Responses	
Strongly Agree	18.18%	4
Agree	54.55%	12
Disagree	18.18%	4
Strongly Disagree	9.09%	2
Total	22	



Comments(6)

Q8

If you have any other comments about the procurement strategy please let us know in the space provided below

Comments(6)

Supplier Event - SurveyMonkey Comments

Q1

The Council's commitment to having 50% of their third party controllable spend to go to local SMEs is a good thing

- This should help struggling small local businesses to continue trading in this difficult financial climate.
- It would be good to have an aspiration that is higher than 50%. It would also be useful to have a similar commitment to spend with local not for
- But a commitment to supporting micro enterprises and the community & voluntary sector would also be 'a good thing'.
- Why is the target 50%. Could this not be significantly higher through effective collaboration of SME's in partnership to deliver larger contracts /

Q2

Suppliers receiving more than £1 million should support at least one apprentice

- As long as this is 1 apprentice per £1 million not just 1 apprentice for anything over £1 million
- Suppliers need to have the right skills set in place to meet its contractual obligations at the outset, this could perhaps be a condition built in as a

Q3

The introduction of e-tendering will allow suppliers to find suitable contracts quickly and easily

- Providing that the system is user friendly.
- We have registered on the kentbusinessportal. However, we do not find this easy to use or navigate. The principal is sound, but it must work
- This would depend on how accessible the system is and how widely it is publicised and used.

Q4

The removal of pre-qualification questionnaires, where appropriate, is a good idea

- Some small businesses like mine could provide a quality service without the need for pre-qualifications.
- There are elements of the PQQ process that help to produce lasting & sustained benefits for Medway's communities, including having current EDI,
- This will create issues when many organisations tender for a contract and will just make the selection pool larger.

Q5

Pre tender dialogue with suppliers for procurements over £3 million will ensure the best service is provided

- This should ensure the community get value for money.
- Depending on what the dialogue consists of. Either way, I would have thought it essential.
- Does this mean there will be no dialogue with small tenders? Isn't it possible, even desirable, to deal equally with all suppliers, regardless of the

Q6

The reduction in the overall number of suppliers makes sense as it will enable the council to establish stronger relationships with fewer

- Access to contracts should be open to as many suppliers as possible to encourage creativity and competition. By limiting numbers you are in danger
- However, care will be required to ensure that suppliers have the relevant specialist knowledge/expertise.
- A diverse range of suppliers will enable the council to ensure they are awarding tenders to a broad mix of businesses and provide flexibility to
- Again as long as local SMEs do not lose out to larger non local businesses.
- This will force out small providers, or make it impossible for them to get a foothold. Although consortium working might appear to be a way
- Reducing suppliers makes sense for the council and those suppliers who find themselves on the list. However how can new business expect to get
- Fewer suppliers means more trade to well established, large corporates, so, a sternly NO to reduction

Q7

Do you think that the council introducing a payment card for transactions of less than £500 in value has benefits for you as a company?

- If this improves cash flow management. I don't really understand the system.
- I'm not 100% sure how these work and there is little detail in the draft procurement strategy
- Insufficient information to provide a response - the response given is only to flag this up as the questionnaire requires an answer!
- I am unclear if this will have benefits to us as a company so will be interested to learn more about this.
- Our organisation isn't set up to accept card payments. What will happen if you need to pay us? Why not use BACS?
- Quick and Easy. No waiting

Q8

If you have any other comments about the procurement strategy please let us know in the space provided below

- There is little or no mention of provision by not for profits which needs to be addressed. This is well illustrated by the somewhat perverse view of
- The very fact that you realise that many local businesses are not being used, when they offer exceptional service, but are not considered for work
- Greater priority should be given to local companies . Where a local company is tendering they should be given more assistance with tendering .
- Excellent Communication is vital during transition stages and to ensure that all information is transparent from the offset.
- All the information provided is comprehensive and encouraging for local SMEs.
- Collyer & Son Ltd has been a certified contractor to Medway Council for over 25 years, winning tenders to work at the schools for all types of

Diversity Impact Assessment: Screening Form

Directorate: Business Support	Name of Function: Procurement Strategy	
Officer responsible for assessment Genette Laws	Date of assessment July 2013	New or existing? New
Defining what is being assessed		
1. Briefly describe the purpose and objectives	The strategy sets out how the council will spend public money better by designing services that deliver better outcomes; ensuring that public money contributes to a thriving local economy and creating local employment; reducing the bureaucracy relating to procurement and using our intelligence about spend and the markets to achieve efficiencies.	
2. Who is intended to benefit, and in what way?	Residents that use goods, services and/or facilities that are procured by the council. The benefits to them include supporting the local economy and designing services that deliver better outcomes. People who may want to pursue an apprenticeship. Taxpayers will benefit from value for money being delivered from the council using the category management approach (intelligent spending) and support for the local economy, which in turn creates local employment. Current and potential suppliers to the council will benefit from reduced red tape, early involvement in service design and support for the local economy.	
3. What outcomes are wanted?	Better services, better outcomes Intelligent spending Reducing red tape Improving the local economy.	
4. What factors/forces could contribute/detract from the outcomes?	<u>Contribute</u> Improved communication with suppliers through Meet the Buyer events Monitoring of the Strategy by Procurement Board and reporting to Overview	<u>Detract</u> Impending legislative changes by the EU, although Cabinet Office has agreed that Medway Council can contribute to the implementation un the UK.

	<p>and Scrutiny Use of a spend analysis tool for understanding the council's engagement with SMEs</p> <p>Links with the council's Economic Development team and Mid Kent College to support the target related to apprenticeships</p> <p>Social Value Act.</p>	
5. Who are the main stakeholders?	Current and potential suppliers to the council, users of services and taxpayers.	
6. Who implements this and who is responsible?	Heads of Category Management, Strategy and Operational Support and the Strategy Lead.	

Assessing impact

7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial groups</i>?	YES	Brief statement of main issue The new procurement strategy has four themes: <ol style="list-style-type: none"> 1. Better services, better outcomes 2. Intelligent spending 3. Reducing red tape 4. Improving the local economy
	NO	
What evidence exists for this?	<p>In Medway, the White population, which is comprised of White British, White Irish and Other White forms 90.6% of the overall population. The Black and minority ethnic population in Medway is 9.4%, which is slightly higher than the figure for the South East of 9.3%. The proportion for England is 12.5% (Source Office for National Statistics, mid-year 2009 estimate)</p> <p>There is insufficient information to support the anecdotally informed view that organisations, which provide services, such as daycare, primarily to ethnic minorities tend to be not-for-profit SME organisations.</p>	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	Brief statement of main issue The new procurement strategy has four themes: <ol style="list-style-type: none"> 1. Better services, better outcomes 2. Intelligent spending 3. Reducing red tape 4. Improving the local economy
	NO	

<p>What evidence exists for this?</p>	<p>A total of 37,499 people living in Medway had a Long Term Limiting Illness comprising 15.2% of the resident population (<i>Source: Office for National Statistics, 2001 Census</i>)</p> <p>There is insufficient information to support the anecdotally informed view that organisations, which provide services primarily to people with disabilities tend to be not-for-profit SME organisations.</p>	
<p>9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?</p>	<p>YES</p>	<p>Brief statement of main issue The new procurement strategy has four themes:</p> <ol style="list-style-type: none"> 1. Better services, better outcomes 2. Intelligent spending 3. Reducing red tape 4. Improving the local economy
	<p>NO</p>	
<p>What evidence exists for this?</p>	<p>Women in Medway comprise slightly more than half of the population compared with men. The proportions are 50.6% women and 49.4% men (<i>Source: Office for National Statistics, mid- year 2010 estimate</i>)</p> <p>There is insufficient information to demonstrate the anecdotally informed view that organisations, which provide services primarily to specific genders tend to be not-for-profit SME organisations.</p>	
<p>10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?</p>	<p>YES</p>	<p>Brief statement of main issue The new procurement strategy has four themes:</p> <ol style="list-style-type: none"> 1. Better services, better outcomes 2. Intelligent spending 3. Reducing red tape 4. Improving the local economy
	<p>NO</p>	
<p>What evidence exists for this?</p>	<p>The campaigning organisation for Lesbian, Gay and Bisexual (LGB) people, Stonewall, has promoted the figure of 5-7% of a community as being LGB. In Medway this would represent 12,835 residents based on a 5% figure and 19,252 based on a 7% figure (<i>Source www.stonewall.org.uk</i>)</p> <p>The ONS Integrated Household Survey for April 2010 to March 2011 calculates the LGB figure as 1.5% of the population which in Medway would be 3,850 residents (<i>Source Integrated Household Survey, April 2010 – March 2011: Experimental Statistics</i>)</p> <p>There is insufficient information to demonstrate the anecdotally informed view that organisations, which provide services specifically to lesbian, gay or bi-sexual people tend to be not-for-profit SME organisations.</p>	

<p>11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?</p>	<p>YES</p>	<p>Brief statement of main issue The new procurement strategy has four themes:</p> <ol style="list-style-type: none"> 1. Better services, better outcomes 2. Intelligent spending 3. Reducing red tape 4. Improving the local economy
<p>What evidence exists for this?</p>	<p>NO</p>	
<p>12. Are there concerns there <u>could</u> be a differential impact due to people's age?</p>	<p>YES</p>	<p>Brief statement of main issue The new procurement strategy has four themes:</p> <ol style="list-style-type: none"> 1. Better services, better outcomes 2. Intelligent spending 3. Reducing red tape 4. Improving the local economy
<p>What evidence exists for this?</p>	<p>NO</p>	
<p>13. Are there concerns that there <u>could</u> be a differential impact due to <i>being trans-gendered or transsexual</i>?</p>	<p>YES</p>	<p>Brief statement of main issue The new procurement strategy has four themes:</p> <ol style="list-style-type: none"> 1. Better services, better outcomes 2. Intelligent spending 3. Reducing red tape 4. Improving the local economy
<p>What evidence exists for this?</p>	<p>NO</p>	
		<p>The Gender Trust and the organisation Press for Change have produced statistical estimates of 25 per 100,000 of the population based on research on the number of people who have undergone gender reassignment and on the basis of that estimate, this would apply to 63 Medway residents (Source www.pfc.org.uk and www.gendertrust.org.uk)</p>

	There is insufficient information to demonstrate the anecdotally informed view that organisations, which provide services primarily to transgender to transsexual people tend to be not-for-profit SME organisations.	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. people with caring responsibilities or dependants, those with an offending past, or people living in rural areas)?	YES	If yes, which group(s)?
	NO	
What evidence exists for this?		
15. Are there concerns there could be a have a differential impact due to <i>multiple discriminations</i> (e.g. disability and age)?	YES	Brief statement of main issue
	NO	
What evidence exists for this?		

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	Brief statement of main issue
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	Please explain
	NO	
Recommendation to proceed to a full impact assessment?		
NO		
NO BUT ...	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?	<p>Whilst there is insufficient information about the current profile of suppliers in relation to those contracted/funded to provide services to people with protected characteristics (as defined by the Equalities Act 2010). The council will use the spend analysis tool and review procedures for setting up new suppliers to gather this information.</p> <p>The introduction of the Social Value Act requires public bodies to take into account the non-financial benefits of organisations designed to deliver social benefits.</p>

YES	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	
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Planning ahead: Reminders for the next review		
Date of next review	April 2013	
Areas to check at next review (e.g. new census information, new legislation due)	<p>Profile of providers contracted to the council and available in the market.</p> <p>Enactment of the Social Value Act</p> <p>Information from the recent census</p>	
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?	Potentially, the inward migration of disadvantaged groups that move into the area as a consequence of changes in the benefits system. This inward migration is evidenced by the increased demand for school places in the borough's most deprived areas.	
Signed (completing officer/service manager)	Date	6 July 2012
Genette Laws		
Signed (service manager/Assistant Director)	Date	
Perry Holmes		