

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

31 JANUARY 2017

PROCUREMENT STRATEGY

Report from: Perry Holmes, Chief Legal Officer

Author: Perry Holmes, Chief Legal Officer

Summary

The purpose of this report is to conclude the progress made against the procurement strategy 2013-16 and to provide an update on the progress made against the Council's new procurement strategy 2016-21.

1. Budget and policy framework

1.1 The Council spends approximately £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 we spend 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. More intelligent procurement was hoped to lead to a boost for local business, more efficient use of resources and cashable and non-cashable savings for the Council.

2.3 This previous procurement strategy 2013-16 (Appendix A) has now concluded and attached is a report that details the success against that strategy (Appendix B).

2.4 Cabinet approved the new Procurement Strategy 2016-21 on 9th August 2016. A draft of the Strategy was discussed at Business Support Overview and Scrutiny Committee in 7th July 2016. It was also shared with local suppliers at the annual meet the buyer event March 2016 and the Voluntary Community Services group for input which helped to inform the final Strategy.

2.4 The Category Management team have been working on the new strategy and have provided an update against progress in the attached report.

3. Advice and analysis

3.1 The delivery against the objectives is in its infancy but good progress is being made against the majority as details in the attached report. Particularly impressive is the number of our contracts which are awarded to SMEs which is currently standing at 88%.

4. Risk management

4.1 The risks associated with the strategy relate to the Council being able to demonstrate that it remains relevant after it was approved; see the table below.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Reputational	The procurement strategy does not continue to be relevant to the needs of the market, suppliers and residents, service users and the Council's aspirations	Sharing the outcomes of the strategy so far for comment and further consultation at the meet the buyer event March 2017 should keep the Strategy fresh and relevant.	Low

5. Consultation

5.1 The Business Support Overview and Scrutiny Committee will continue to provide challenge and analysis on the Strategy.

6. Financial and legal implications

6.1 There are no direct financial implications arising from the report.

6.2 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.

7. Recommendations

7.1 Members are asked to consider the progress made against the previous Procurement Strategy 2013-16 and the progress against the new strategy 2016-21.

Lead officer contact

Perry Holmes
Chief Legal Officer
Tel: (01634) 332133

Email: perry.holmes@medway.gov.uk

Background papers

None.

Appendices

Appendix A – Final progress report against Medway Council Procurement Strategy 2013-16

Appendix B – Progress against the Medway Council Procurement Strategy 2016-21