



BUSINESS SUPPORT OVERVIEW & SCRUTINY COMMITTEE

29 NOVEMBER 2018

PROCUREMENT STRATEGY – SIX MONTH UPDATE

Report from: Perry Holmes, Chief Legal Officer

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Summary

The purpose of this report is to provide the Committee with a six month update on the implementation of the recently amended Procurement Strategy.

1. Budget and Policy Framework

1.1 Procurement is a Cabinet function. The Procurement Strategy was approved by Cabinet in August 2018.

2. Background

2.1 The 2016 – 2021 Procurement Strategy was launched to ensure that we improved on the previous Strategy which reflected the move by the Council to “category management.” The aim of the second version of the Strategy was to continue to make Medway Council a great Council to do business with. As part of the new strategy, 22 objectives across the following five key strands were originally set:

- Supporting the local economy
- Reducing red tape
- Improved services, better outcomes
- Intelligent spending
- Sustainable Procurement

2.2 Of the original 22 objectives, Business Support Overview and Scrutiny recommended in July 2018 that 4 be replaced with revised objectives. The revised objectives (1A, 2A, 16A and 22A on the attached appendix) develop upon the strategic target of those they replace. An additional target (3A) was also recommended.

2.3 Appendix A sets out the detailed performance against each of the objectives. Most notably:

- The Council continues to engage with local suppliers and Small and Medium sized Enterprises (SMEs) at an impressive rate. They win over 70% of our contracts.
- We have continued the reduction of the administrative burden on local suppliers and SMEs via standardising our tender documents and making payments to them more quickly.
- We have met and engaged with the voluntary sector to help them be more successful in tender opportunities. We are seeing increased numbers of bids from the voluntary sector.
- The Category Management team is working closely with the Finance team to minimise unnecessary spend.
- We have created Frameworks which reduce time for delivery and are being used by other public bodies who pay to use them. This in turn creates a financial income for the Council.

3. Advice and analysis

- 3.1 Cabinet approved the new Procurement Strategy 2016-21 on 7th August 2018. Progress against the Strategy has been discussed at Business Support Overview and Scrutiny Committee on a six monthly basis for a number of years. At the last agenda planning meeting Members agreed to recommend that, in future, the Strategy should be reviewed on an annual basis.
- 3.2 The Category Management team has been delivering against the newly amended strategy and have provided an update against progress in the attached report.
- 3.3 As well as adopting a new 5 year strategy, the team has been able to focus resources on delivering those strategic objectives which were in the previous Strategy. For example, the Council continues to support SMEs through our tendering exercises. SMEs continue to be successful, winning a total of 70%+ of our contracts since April 2018.

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 (1)	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.	(1) Periodically update and review the objectives. (2) Sharing the outcomes of the strategy for review against progress should keep the Strategy relevant.	Low

Reputational (2)	The Council does not endorse the continued implementation of the proposed amendments to the Strategy.	Acknowledge the improved Strategic Objectives and support the continued implementation of the Strategy with comments.	Low
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5. Consultation

5.1 Consultation on the original Strategy and the current version took place with local and regional businesses and other stakeholders. There was also pre-decision scrutiny undertaken. The Business Support Overview and Scrutiny Committee will continue to provide challenge and analysis on the Strategy.

6. Financial implications

6.1 There are no direct financial implications associated with the continued support and implementation of the Procurement Strategy.

7. Legal implications

7.1 There are no direct legal implications relating to this report. However in continuing this strategy, the Council needs to ensure that it balances its aspirations for business with local SMEs with its duty to comply with the Public Contracts Regulations 2015.

8. Recommendations

8.1 Members are asked to:

- a) consider the progress made against the Strategic Objectives (including those amended) from the Procurement Strategy 2016-21 and support their continued implementation, and;
- b) agree that, in future, the Strategy should be reviewed on an annual basis.

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Appendices:

Appendix 1 – Procurement Strategy Progress Report

Background papers

None