

North Tyneside Council

Report to Cabinet

Date: 10 December 2012

ITEM 6(e)
Title: Update on Local
Procurement

Portfolio(s): Finance

Cabinet Member(s): Councillor Judith
Wallace

Report from Directorate: Finance and Resources

Report Author: Andrew Lowe (Principal Procurement and Commissioning Officer) (Tel: 0191 643 5651)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of the report is to update Cabinet on progress on engagement with key stakeholders on a range of issues important to local procurement, and feedback received through this process to date.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) Notes the approach taken to identify and engage with a range of stakeholders who have an interest in doing business with the Council.
- (2) Notes the key outcomes from this engagement to date, and the main priorities and aspirations which stakeholders have so far communicated during the engagement process.
- (3) Agrees that the outcomes from engagement and the views of stakeholders are reflected in a new Procurement Strategy for the Council, to be brought before Cabinet by March 2013. This will codify the range of measures already introduced by the Council during 2012/13 to support local business, previously reported to Cabinet on 8 October 2012, and also any new initiatives identified as necessary to progress or reflect the aspirations through the engagement process, once this is concluded.

1.3 Forward Plan:

This report appears on the Forward Plan for the period 24 October 2012 to 28 February 2013.

1.4 Council Plan and Policy Framework

This report relates to the Budget 2012/13 and the Council Strategic Plan for 2012/15.

1.5 Information:

1.5.1 Background

On 11 June 2012, Cabinet approved a draft set of commercial and procurement principles for consultation with interested stakeholders.

On 8 October 2012, Cabinet received a further report concerning the work being undertaken in relation to the Council's approach to supporting local procurement and reducing the Carbon footprint whilst creating and supporting local employment.

Cabinet endorsed the work being undertaken, and agreed to receive a further report in December 2012 in relation to this work.

This report sets out the engagement which has now been undertaken with a number of stakeholders interested in doing business with the Council. This engagement is currently still underway, and once concluded the outcomes will be used to inform the Council's new Procurement Strategy to be developed jointly with our new business partner, Balfour Beatty. The Procurement Strategy will recognise the importance of the whole range of the Council's commercial activity, including the local impact of procurement.

1.5.2 Consultation

Using the experience of the Council, and feedback already obtained, Cabinet have considered what is important to customers, elected members, local business, and others in the way the Council does business. As part of understanding the needs and aspirations of those who seek to do business with the Council, engagement on the commercial and procurement principles has taken place with the following groups:

- Membership and Directors of the North Tyneside Business Forum
- The North East Chamber of Commerce (NECC)
- The Federation of Small Business
- Chambers of Trade via the Council's Town Centre Task Group
- Representatives of the voluntary and community sector
- The Council's Procurement Service
- The Council's wider procurement community, that is those officers and managers of the Council who have an involvement at some stage in the procurement process, but who themselves do not directly manage procurement activity.

The consultation process has taken place in a number of different ways.

North Tyneside Business Forum

The North Tyneside Business Forum has been consulted directly on its views on what should be included in a future procurement strategy. In addition a specific event with the Business Forum was held in April, where local North Tyneside businesses were able to meet a number of buying organisations, including the Council, and where we were able to explain the needs of our own business to potential suppliers.

Voluntary & Community Sector

In addition representatives from the voluntary and community sector have participated in workshops, where they have had the opportunity to review and comment on the draft procurement principles agreed by Cabinet in June 2012. Feedback on what voluntary and community sector representatives thought the Council did well, and what it can do better was captured, and has been used to further develop our understanding on local procurement aspirations.

Wider Business Community

As part of the Council's introduction of the "Quick Quotes" system in the autumn, suppliers were invited to events to inform them of the new initiative, and how they could benefit. There was positive feedback received from the 41 suppliers who attended.

The Directors of the Business Forum suggested that the Council could undertake further consultation with local businesses by sending a straightforward letter (which was issued during October 2012) through the membership of the Federation of Small Business, the Chambers of Trade, and the North Tyneside committee of the North East Chamber of Commerce, seeking their views on the Council's approach to commercial and procurement activity. Responses are still being received and collated, and are providing helpful feedback. A detailed response from the NECC has been received, and feedback recognised the many positive steps that have been taken by The Council to improve public procurement for suppliers in the area. The response also noted that the Council has already adopted some of the recommendations set out in the NECC report, *Unlocking the Barriers*, and went on to suggest a number of areas in which further support to local business could be explored.

Recognising some very specific local supply opportunities, there have been a number of events organised with the business community that were specific to the development of the North Bank of the Tyne and the former Swan Hunter site.

Internal Officer Team

Engagement workshops have also been held with the Council's officer team as part of the Change, Efficiency and Improvement - Commercial Capacity and Procurement Project. The officers were those managers who have an involvement in some stage of the procurement process, such as specifying goods and services, evaluation of bids, or contract management. The workshops looked at the draft procurement principles, and sought the views of staff on all procurement matters, including local procurement issues.

1.5.3 Key Outcomes

North Tyneside Council is a large-scale local business and each year the Council spends over £150m in delivering services to the people of the Borough. While the focus is often on our larger contracts the Council uses over 4000 individual suppliers from straightforward office supplies to complex care packages.

North Tyneside businesses constitute approximately one-eighth of the Council's supplier base, but receive around one-third of our spend. It is important to understand the real picture in helping local business, and see what opportunities exist.

A "local supplier" has been defined in the past as a supplier based in the Borough of North Tyneside, identified through their postcode. However, moving forward we need to carefully re-define this to ensure that it encompasses suppliers that are able to deliver the economic and environmental objectives of the Council as part of their service delivery to the Council.

Listening to the key stakeholders as part of the engagement set out above, they want to know:

- That North Tyneside Council is “open for business”
- That they have the chance to understand the Council’s business
- That the Council have accessible people, processes and opportunities
- The Council makes helpful use of technology to undertake the procurement process
- That the Council makes use of a common language
- That they can tell the Council once (for example, lodging a Health and Safety policy only once with the Council)
- That the Council promotes enduring business relationships.

There were some specific issues raised by the NECC, in that they considered:

- The Council should view procurement at a strategic level
- Procurement activity can add value to the region’s economy
- Public procurement must be more responsive to the capabilities of the regional supply market
- Public procurement must reduce the complexity of the bidding process
- Look beyond the purchase price to use public procurement for economic, social and environmental benefits
- North Tyneside Council commits to using NEPO, to support economic growth in the North East
- Supports the closer harmonisation of procurement documentation, standards and procedures
- The Council should take on board the additional recommendations outlined in the NECC Report *Unlocking the Barriers*

The two workshops held with the voluntary and community sector representatives sought to identify what they felt worked well with procurement, and where it could be even better. The representatives recognised that much progress had been made in recent years. They felt that the Council was a lot better at listening, had simplified the procurement process, and had provided training by officers to support the bidding process. However to be even better, they would like to see:

- Accountability through external service providers was to be clearer
- Greater transparency of the evaluation of bids
- More sector-sensitive evaluation of bids, more proportionate and relevant to the community and voluntary sector, not just the private sector
- Further simplification of the procurement process, where possible
- Local added value should be scored in the evaluation of bids
- Community and voluntary sector collaboration needs to be stronger
- Encourage local sub-contracting and using partnerships
- The Council should treat the community and voluntary sector as a local business

This engagement is being used to inform the development of a new Procurement Strategy which will be brought to Cabinet by March 2013, and which will specifically codify a range of measures introduced by the Council to support local procurement.

Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

To endorse the contents of this report, and agree that the outcomes from engagement and the views of stakeholders are reflected in a new Procurement Strategy for the Council, to be brought before Cabinet by March 2013. This will recognise the impact of local procurement, and codify the range of measures already introduced by the Council during 2012/13 to support local business, previously reported to Cabinet on 8 October 2012, and also any new initiatives identified as necessary to progress or reflect the aspirations through the engagement process, once this is concluded.

Option 2

Not to endorse the contents of this report.

Option 1 is the recommended option.

1.6 Reasons for recommended option:

Option 1 is recommended for the following reasons:

It is recommended that Cabinet endorse the contents of the report, so that the views of stakeholders are reflected in a new Procurement Strategy for the Council, to be brought before Cabinet by March 2013. This recognise the impact of local procurement, and the new Strategy which will codify the range of measures already introduced by the Council during 2012/13 to support local business, previously reported to Cabinet on 8 October 2012, and also any new initiatives identified as necessary to progress or reflect the aspirations through the engagement process, once this is concluded.

1.7 Appendices:

There are no appendices to this report.

1.8 Contact officers:

Paul Hanson, Strategic Director of Community Services, Tel: (0191) 643 7000

Allison Mitchell, Senior Manager Audit, Risk and Procurement, Tel: (0191) 643 5720

Anthony Gollings, Financial Business Manager, Tel: (0191) 643 8071

1.9 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) [Report to Cabinet, Council Strategic Plan and 2012/13 Budget – Implementation Plan, 28 March 2012 \(Minute CAB 181/03/12\)](#)
- (2) Procurement Strategy 2008 - 2012
- (3) [Contract Standing Orders](#)
- (4) Sustainable Procurement Strategy
- (5) [Report to Cabinet 8 October 2012 - Introducing a Local Procurement Policy \(Minute CAB109/10/12\)](#)
- (6) [NECC Unlocking the Barriers Report](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no direct financial implications arising from this report. The procurement strategy will propose actions, which will be actively pursued where they are seen to add value and do not hinder the achievement of value for money.

2.2 Legal

In adopting any strategy in relation to local procurement, the Council must ensure its ability to secure compliance when procuring goods and services for the Council, with all relevant legal and procedural requirements to which it is subject, in particular under the EU Treaty Principles and Public Contract Regulations. Further legal implications will be considered when the finalised Procurement Strategy is presented to Cabinet.

2.3 Consultation/community engagement

Internal consultation on this report has been undertaken with the Cabinet Member for Finance, the Strategic Director of Finance and Resources, and the Strategic Director of Community Services.

Details of the external consultation undertaken is detailed in main body of this report.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

There are no equality and diversity implications directly arising from this report.

2.6 Risk management

Following a risk assessment there are currently no risks attached to this report. If any risks do arise in the future they will be discussed with the Risk Management Team and added to the relevant Council's risk registers.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Chief Executive
- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager Policy and Partnership