

MEETING:	OVERVIEW & SCRUTINY COMMITTEE
DATE:	19 MARCH 2012
TITLE OF REPORT:	TASK & FINISH GROUP REPORT – COUNCIL PROCUREMENT POLICY AND LOCAL BUSINESS AND LOCAL EMPLOYMENT
REPORT BY:	Task & Finish Group

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the findings arising from the Task & Finish Group – Council Procurement Policy And Local Business And Local Employment and whether to recommend the report to the Executive for consideration.

Recommendation(s)

THAT:

- (a) **the Committee considers the report of the Task & Finish Group – Council Procurement Policy And Local Business And Local Employment, in particular its recommendations, and determines whether it wishes to agree the findings for submission to the Executive;**
- (b) **Subject to the Review being approved, the Executive’s response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive has approved its response;**

Key Points Summary

- A scrutiny Task & Finish Review has been undertaken into Council Procurement Policy and Local Business And Local Employment
- The findings and recommendations of the Review Group are contained in the attached report. The recommendations highlight in particular the importance of using the Proactis Procurement portal to increase the transparency of the procurement process and improving engagement with suppliers. They also comment on the management of contracts and the development of local capability and capacity to win contracts.

Alternative Options

- 1 The Committee can agree, not agree or can vary the recommendations. If the Committee agree with the findings and recommendations from the review, the attached report will be

submitted to the Executive for consideration. It will be for the Executive to decide whether some, all or none of the recommendations are approved.

Reasons for Recommendations

- 2 This Committee commissioned a Task & Finish Group to look at Council Procurement Policy And Local Business And Local Employment. The Task & Finish Group has completed its task and its report is required to be submitted to this Committee for approval. The recommendations also set out how the report should be progressed in accordance with the Council's Constitution, if approved by the Committee.

Introduction and Background

- 3 Procurement matters. The Council currently spends about £180m annually procuring goods and services. Efficient and effective procurement helps deliver good quality, value for money services, supplies and construction to the County. Savings realised can be used to fund corporate projects and priorities. Poor procurement practices including inadequate planning and contract failures can result in financial loss and damage to reputation. Poor tender specifications and procurement design may result in costly overruns and low quality contract performance.
- 4 The Council has stated that it is keen to support local business and employment and the aim of the review was to ensure that the Council and its Contractors were doing all that is reasonably possible to support local business and local employment through their procurement policies.

Key Considerations

- 5 The Task and Finish Group has considered the following key questions: What are the current procurement policies of the Council and its major Contractors?; What is the extent to which contracts are currently let to local business and local employment? Are the procurement policies and practices communicated effectively both internally and externally and whether they are adhered to consistently? What is the legal framework governing procurement and is the most being made of the opportunity to encourage local business and employment? Are there any barriers that make it difficult for local businesses to submit tenders and if so what can be done to remove them? What measures are being taken to assist local businesses to submit tenders and secure contracts, whether these are effective and whether any additional measures that can be taken? How is the Council's success in meeting its aim to support local businesses and local employment measured and is this appropriate? What approaches are being taken by other authorities and seek to identify best practice?
- 6 The Group's findings are detailed in the attached report.

Community Impact

- 7 The findings and recommendations from the review link to the theme in the Corporate Plan creating a thriving economy and the long term outcome of growing businesses, jobs and wage levels. It also links to the theme of commissioning the right services and streamlined working practices. The report also considers the procurement practices of some of the Council's major partners.

Equality and Human Rights

- 8 If the Committee agree with the findings of the Group the report will need to be considered by

the Executive and, depending on their decision, any resultant actions will need to be assessed against the Equality Analysis and be reported to Cabinet.

Financial Implications

- 9 If the Committee agree with the findings of the Group the report will need to be considered by the Executive and, depending on their decision the cost of implementing any of the recommendations will need to be assessed. The Group does not consider that its proposals involve significant costs.

Legal Implications

- 10 The Group has had regard to the legal framework governing procurement practice.

Risk Management

- 11 There is reputational risk if the Council does not operate a sound policy. The recommendations in the Review report should help mitigate this risk. The potential risk has been highlighted to the relevant department to assess whether the risk warrants inclusion in the risk register.

Consultees

- 12 As part of the Review interviews were held with Mr J Argent – Chief Executive – Halo; Mr C Hall – Head of Highways and Community Services; Mr G Hughes – Director for Places and Communities; Mrs R Kinsella – Watchman in Chief – Amey, Mr D Powell – Chief Officer – Finance and Commercial Services; Mr A Savery – Property Services Manager Shaw Homes, Mr M Thomas – Account Director – Amey; and Mr G Woodman – Hereford and Worcester Chamber of Commerce. An open invitation was also extended to businesses to attend a meeting of the Group which was held in public.

Appendices

- 13 Task & Finish Group Report – (Appendix 1).

Background Papers

Council Procurement and Sandwell Businesses – Sandwell Council July 2010, Herefordshire Public Services Commercial Strategy, Paper from Chartered Institute of Purchasing and Supply – Using local suppliers, Paper from (former) Improvement and Development Agency (now Local Government Improvement and Development)- Developing Local Suppliers, Scrutiny Review of County Council Procurement with local Small and Medium Sized Enterprises – East Sussex County Council – November 2009