

REPORT FOR: **CABINET**

Date of Meeting:	17 July 2014
Subject:	Commercial and Procurement Strategy
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Commercial and Procurement Strategy 2014+

Section 1 – Summary and Recommendations

This report sets out a Commercial and Procurement Strategy for the Council

Recommendation:

1. Cabinet is requested to approve the Commercial and Procurement Strategy.

Reason: (For recommendation)

To ensure that the work of the Commercial, Contracts and Procurement Division supports the Council Priorities.

Section 2 – Report

Introduction

1. The new Commercial, Contracts and Procurement (CCP) Division was instigated in September 2013 with the appointment of a new permanent Divisional Director. This appointment represented the initial step for the transformation of the former procurement function into a new more commercially focused Division. As part of this transformation this report seeks approval to a Commercial and Procurement Strategy which is aimed at ensuring the work of the Division supports the Council Priorities.

Commercial and Procurement Strategy

2. The Commercial and Procurement Strategy has 3 key areas of focus these being:-
 - Sustainability – delivering local economy, social and community benefits
 - Commercial approach and savings
 - Modernising procurement

The intention is that the 3 areas of focus will direct and drive the work of the Commercial Contracts and Procurement Division over the coming financial years.

3. Some further detail on each of these areas is set out in the following paragraphs:

Sustainability

4. The Council has a corporate commitment to support businesses. This commitment is integrated into the Council's Sustainable Procurement Policy which encourages the involvement of small businesses, social enterprises, and community organisations within all tiers of the Council's supply chains. The policy elevates procurement activity from 'spend' to 'investment in the community' and allows sustainability to be robustly included in procurement specifications, tenders, evaluation and supplier selection.
5. The Council has been recognised for its work in implementing this commitment to ensuring better procurement opportunities for local enterprises.
6. In 2013 Harrow Council won the **Best Council in London to Do Business** with award, from the Department for Communities and Local Government (DCLG), for its work in supporting small and medium-

sized businesses and making it easy for local entrepreneurs to bid for Local Government contracts.

7. The Council received the award for its outstanding practice and ability to understand local businesses. The Council's Procurement Strategy adopted in 2011 resulted in an increase in the percentage of spend with local small and medium sized businesses.
8. The Council also won the **Best Small Business Friendly Procurement** award, which highlighted the work the authority put in place to support its small and micro business communities. Awarded by The Federation of Small Businesses (FSB) and London Councils, this was in recognition for its sustainable procurement project, which encouraged business from local suppliers, made sure that businesses were aware of opportunities to bid for contracts with the council, and for introducing an e-procurement system.
9. In addition the Council has been successful in generating apprenticeship opportunities through its contracts.
10. The Commercial and Procurement Strategy will build on these successes by seeking to embed consideration of sustainability issues across all key procurements, providing a focus on apprenticeships and other training to include undertaking an Apprenticeship Survey of the Council's key suppliers, ensuring that commitments made by service providers are actually delivered by improving contract management and improving our management information.
11. In addition we will seek to ensure that service providers delivering services for and on behalf of the Council share the Council's commitment to equality and diversity. To assist we will aim to embed processes in our procurements to avoid discrimination and promote equality.

Commercial Approach and Savings

12. The Strategy will support the savings targets the Council has to achieve over the coming financial years by taking a Commercial approach, in particular to:
 - shape markets to meet the Council's needs;
 - complete work on category management to identify cross cutting and other savings opportunities;
 - encourage innovation.; and
 - generate revenue from the Council's assets
 - continue to play an active role in West London Alliance (WLA) work

Modernising Procurement

13. The aim of this part of the Strategy is to ensure that the CCP Division pro actively helps to deliver the Council Priorities. The key activities that will be taken forward are as follows:-
 - Implement guidance and tools to improve Contract Management across the Council
 - Ensure systems, tools and processes are fit for purpose, in particular to implement revised Contract Procedural Rules.
 - Adopting a whole life costing approach and Total Cost of Ownership approaches to procurements.
14. In pursuing the outcomes set out in the Commercial and Procurement Strategy, the Council must procure works, goods and services within the framework laid down by public procurement legislation.

National Procurement Strategy

15. A new National Procurement Strategy for Local Government (NPS2) is being developed by the Local Government Association's National Advisory Group for Procurement. This is due to be formally launched on 10 July 2014 and will be structured as a series of recommendations for District Councils, Single Tier and County Councils and Public Buying Organisations to follow. A report will be prepared for Scrutiny Committee setting out the status of the Council against the recommendations in the NPS.

Options considered

There were no options to be considered

Legal Implications

There are no direct legal implications arising from this report

Financial Implications

There are no direct financial implications arising from this report but the Strategy will support activities for the delivery of savings and efficiencies.

Performance Issues

This report has no direct impact on any performance indicators but the Strategy support the delivery of a number of performance areas. .

Environmental Impact

There are no direct environmental impacts arising from this report but the Strategy supports the delivery of environmental benefits.

Risk Management Implications

This report has no direct risk management implications.

Equalities implications

There are no direct equalities impacts arising from the decisions within this report but the Commercial and Procurement Strategy will be an important tool in ensuring that the Council's commercial and procurement activities deliver services equitably to all members of the community.

Council Priorities

The Commercial and Procurement Strategy will fully support the delivery of the Council Priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 25 June 2014		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 24 June 2014		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Strategic Commissioning
Date: 25 June 2014		

Section 5 – Environmental Impact Officer Clearance

Name: Venetia Reid-Baptiste	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 25 June 2014		

Ward Councillors notified: NO

Section 6 - Contact Details and Background Papers

Contact: Terry Brewer,
Divisional Director Commercial, Procurement and Contracts
terry.brewer@harrow.gov.uk
Tel: 020 8424 8442

Background Papers: None

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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