
To: Scrutiny Board 1

Date: 3rd July 2019

Subject: Procurement Strategy

1 Purpose of the Note

- 1.1 The Sub Regional Procurement Strategy was approved by the Cabinet Member Strategic Finance and Resources on the 7th December 2015. This briefing note details progress/delivery against the Strategy, national and regional developments and future direction.

2 Recommendations

- 2.1 That Finance and Corporate Services Scrutiny Board
- 1) Note the contents of the report
 - 2) Make any relevant recommendations to the Cabinet Member.

3 Information/Background

- 3.1 The Sub Regional Procurement Strategy (Coventry CC, Solihull MBC and Warwickshire CC) was approved by the Cabinet Member Strategic Finance and Resources on the 7th December 2015 (Appendix 1). The strategy adopted the 4 themes from the National Procurement Strategy (2014) which were: Making Savings; Supporting Local Economies; Demonstrating Leadership; Modernisation.
- 3.2 The Sub Regional Procurement Strategy was a 5 year strategy for the period 2015 – 2020 and will hence be reviewed for next year.
- 3.3 Summary of delivery
- There has been significant progress made in the 4 strategy theme areas, highlights of which are outlined below:
- 3.3.1.1 Making Savings – The City Council had a 3 year savings target from 14/15 (adjusted to 4 years) of £8m (raised to (£9.1m). This target was met with a significant amount of the saving target being delivered in Years 1 and 2 (by year 3 opportunities were starting to dry up as contracts that had already delivered savings were being re-tendered). In addition, there were a further £3m+ savings which were set against other targets.
- 3.3.1.2 Supporting Local Economies – Local Spend is monitored with particular attention given to postcodes CV1 to CV6 (Coventry only). The local spend for 2018/19 was 35.1%. There has been significant work on Social Value with 16 published case studies. The recent peer review found no significant areas of concern. The City Council has worked closely with Coventry University and others in relation to Social Enterprise and is now a

- 3.3.1.3 Demonstrating Leadership – The Council is considered to have strong Procurement governance procedures in place. All spend over £50,000 goes through a Procurement gateway process through Procurement Category Panels (People; Place & Corporate) and (if over £1m per contract) Procurement Board and (if over £1m per annum) Cabinet. In addition, Audit & Procurement Committee oversee regular reports detailing procurement activity; Category Staff in the Procurement section are MCiPS Qualified (12 staff - 11 fully qualified; 1 part qualified); Part of sub regional shared service with Solihull and Warwickshire; Head of Procurement is Deputy Chair of the West Midlands Heads of Procurement group.
- 3.3.1.4 Modernisation – The City Council has maintained its' compliance with the Public Contract Regulations, managing an increasing diverse and complex array of contracts; The Procurement Service exploits technology advances and has introduced an early payments discount scheme and a shared service electronic tendering system
- 3.4 In July 2018 a new National Procurement Strategy (NPS 2018) was launched. The strategy is not about compliance or tactical issues but is streamlined to reflect learning from the 2014 strategy. It focuses on three themes which are seen to reflect local government priorities now. The 3 main themes are: Showing Leadership; Behaving Commercially; Driving Community Benefits.
- 3.5 Making savings was a major theme of the 2014 strategy. Councils continue to operate in a very challenging climate and demand for local public services is rising, with cost pressures increasing. This area is no longer seen as a key theme within NPS 2018 as evidence suggest that there are few, if any, opportunities left to drive price savings alone. Indeed, there is growing financial pressures including inflation, Living wage adjustments etc.. Clearly, where price savings are still a potential, these are pursued and budgets adjusted accordingly.
- 3.6 The Local Government Association carried out an assessment and benchmarking against responses from each local authority's self-assessment and provision of supporting evidence. Appendix 2 shows the summary information for Coventry shown against the National and West Midland Local Authority benchmark (received February 2019)
- 3.7 The Overall distribution chart in Appendix 2 shows that of the 59 areas assessed, we were 'Developing' in 6 areas, 'Mature' in 36 areas and a 'Leader' in 17 areas.
- 3.8 When compared against both the overall benchmark and the West Midlands benchmark, the Authority compares well, scoring higher in all 11 section areas than the comparators.

4 Future Direction

- 4.1 Discussions with Solihull and Warwickshire have commenced in relation to what will replace the current sub regional strategy. Since its' inception there have been a number of developments which may impact on proposals for future strategy approaches, e.g. formation of West Midlands Combined Authority, NPS 2018
- 4.2 Our future strategy is likely to follow a similar form as the previous one and to tie in with the themes in the NPS 2018