

TITLE OF REPORT: Corporate Commissioning and Procurement Strategy
2021/22 – 2026/27

REPORT OF: Mike Barker, Strategic Director, Corporate Services and
Governance

SUMMARY

This report provides Members with an opportunity to input into the draft Corporate Commissioning and Procurement Strategy 2021/22-2026/27

Background

- 1.0 The Council agreed to implement a 5 year Corporate Commissioning and Procurement Strategy at its meeting on 2nd February 2017. Since then, the Thrive agenda together with a range of other strategies have been developed, and as the current Corporate Commissioning and Procurement Strategy expires, it is time to refresh it and ensure that the Council's spend continues to be aligned to Council priorities.
- 1.1 A draft version was considered by the Corporate Resources Overview and Scrutiny Committee at its meeting on 29th November 2021. A number of comments and proposals were made that have been incorporated into this final version, together with feedback from an external consultation process.

Proposal

- 2.0 The revised strategy (attached as Appendix 1) is built on 4 key themes which reflect Thrive, and also align with the Health and Wellbeing Strategy, the Economic Development Strategy and the Climate Emergency Strategy. Reducing external expenditure and maximising the value of the Gateshead £ through Community Wealth Building are also key themes running through the strategy. The themes include:

- **Tackling inequality, supporting local communities, and putting people at the heart of everything we do**
- **Investing in our local economy**
- **Working together for a better and greener future**
- **Delivering value for money and ensuring a sustainable council**

- 2.1 A presentation outlining the key areas of the draft Strategy together with feedback from external consultation will be given to the Corporate Resources OSC at the meeting and is attached as appendix 2.

External Consultation

- 3.0 The Strategy was issued to a range of organisations on 15th December with a response deadline of 12 January.
- 3.1 Feedback on the draft Strategy was received from 5 organisations including North East Procurement Organisation, North East Enterprise Agency Limited, PNE Group, Gateshead College and Construction Alliance North East.
- 3.2 The Strategy and its contents were largely welcome and supported by the consultees and a copy of the actual feedback is attached as appendix 3.
- 3.3 However, all consultees fed back that the strategy needs to highlight what will improve as a result of implementing the strategy and also that the strategy required an action plan to ensure it's implementation and to measure its impact.
- 3.4 In response to the consultation, additional information has been added to the Strategy at the bottom of each of the 4 themes outlining how we will measure success.
- 3.5 An implementation action plan is being developed and there is reference to how this can be accessed within the strategy.

Recommendations

- 4.1 It is recommended that the Corporate Resources Overview and Scrutiny Committee receive the presentation and:
 - 4.1.1 Provide any final comments on the updated Draft Strategy to the Service Director, Corporate Commissioning and Procurement.
 - 4.1.2 Agree that the Strategy should proceed to Cabinet for consideration.

Appendix 3 – Copy of consultation received

Hi Andrea

Thanks for sharing this. I've got a few questions:

- Are there any timelines for each of the deliverables in the strategy? I couldn't see any timelines for specific actions. It will help build momentum if there are some timescales.
- What will be different because of this strategy? For example, how many more businesses will be delivering contracts or how will climate emissions have been reduced?
- Do each of the strategies mentioned in this refer to the Procurement Strategy? For example, does the Economic Strategy mention the delivery that will be achieved?

Thanks

Simon (North East Procurement Organisation)

Hi Andrea

Thank you for sending this through and I hope that you are well.

My initial feedback is that, in terms of a five-year strategy, I think there are some really clear intentions in there and it is great to see a focus on supporting the thrive and community wealth building agendas. I appreciate that this is a high level document that is underpinned by a range of other strategies, but it would be useful from my perspective to understand more about the targets and actions as they feel quite broad at the moment. Is there (or will there be?) a set of measurable objectives or framework that will back up the strategy and enable you to measure your success i.e. high-level targets around spend, cost reduction, diversity of suppliers, % local £ etc. I know that there is a lot of work going on at the moment to understand the challenges and barriers, so it may be that the picture will become clearer over time and the targets developed from there, but I thought I should ask.

I also think that, in terms of the intended impact, the vision may be strengthened if it either changed tense (By 2026/27, we will be providing) or stated the impact first rather than starting with the aim to continue doing what you are already doing i.e. We will aim to maximise the value of the Gateshead £, tackle inequality, reduce our carbon footprint and support the people of Gateshead to thrive by continuing to provide first class..... Then this shows the difference that you will make by implementing the strategy.

Hope this is useful .. and makes sense Andrea, but happy to discuss in more detail if you feel it would be helpful.

I am not sure when you will be reading this, but if it is not too late then I hope that you have a happy and healthy Christmas and New Year break and I look forward to seeing you in 2022.

Best wishes

Tracey Moore (Executive Director PNE Organisation)

Thanks Andrea for sharing this.

It's great to see a vision and strategy which sees procurement and commissioning as a means of supporting community wealth building and the local economy.

There will no doubt be a document sitting within the implementation plan for the strategy which will set out in measurable and timebound terms what the strategy will achieve but I also understand (and indeed the document itself recognises this) that there is a need to "improve the quality of data used to support commissioning and procurement activity by developing more category and local market knowledge and expertise". If there is anything that NEEAL can do to support the acquisition of this data, then of course we are happy to help.

With kind regards

Sue

Sue Parkinson
Project Director
North East Enterprise Agency Ltd (NEEAL)

Hi Andrea

Happy New Year – hope you managed to get some downtime over Christmas.

Thank you for the opportunity to comment on the draft corporate commissioning and procurement strategy. I found the document a well written, clear and focussed piece of work that clearly describes the aims of the Council. Thought it struck a balance between the needs of the residents of Gateshead and driving best value, whilst maximising the Gateshead £ described in a clear manner. Stating clearly the actions we will take to deliver the strategy and how we will do this enables the reader to picture how the overall strategy will be delivered.

Picked up a typo on page 5 – payments to individuals – next to the pie diagram. You've probably picked it up by now but thought I'd mention.

Kind Regards

Ivan Jepson (Director of Business Development, Gateshead College)

Gateshead Council: Corporate Commissioning & Procurement Strategy 2021/22 - 2026/27 Comments January 2022 from Construction Alliance North East

1. We thank Gateshead Council (GC) for the opportunity to comment on the Strategy and for engaging with CAN and therefore local contractors in the construction sector. We have tried to keep these observations as high-level comments and we appreciate the strategy covers all procurement and not just construction. We however advise our comments are construction biased.

2. We fully appreciate the funding challenges faced by local government and understand the need to therefore achieve best value for the available funds. We are however encouraged to see social impact and wellbeing high on the agenda, and we are also pleased to note that a strategic and people focussed approach is being taken. CAN represents local companies and these issues are important to us.

3. We note the strategy is designed to facilitate the use of local companies, making better use of the Gateshead Pound £ and we suggest that the implementation plan has a clear simple pathway to enable local companies to work with the council by making procurement more accessible to local SME's. We suggest the Strategy includes a plan for developing a communication strategy to benefit local companies.

4. We ask for CAN's Intelligent Procurement Policy to be considered.

5. We feel the Strategy should encourage direct employment by suppliers and contractors as opposed to mass subcontracting which is prevalent in certain sectors of our industry. Direct employment of skilled people facilitates long term sustainable local employment and facilitates more and better training and jobs, which ultimately helps tackle inequality and poverty. Linked to this we would be pleased to see more on skills and training for local people and for helping address the current skills shortage which is currently on the brink of crisis point in our industry. Direct employment is an important issue for CAN.

6. SCAPE – we note this is mentioned in the Strategy and we would seek to better understand how this aligns with the rest of the strategy. It would appear that the use of the SCAPE Framework for all construction projects over a certain value is perhaps at odds with much of the strategy including The Community Wealth Building Programme, use of local companies, long term sustainable local employment, addressing the Climate Emergency and wealth extraction.

7. We are pleased to see that Fair Payment up and down the entire supply chain is mentioned. We feel this should be strengthened and we encourage the alignment of payment terms so that they are fair and equitable for everyone, and that a plan for a simple mechanism for policing this is set out in the Strategy.

8. We encourage the use of simpler systems and process and suggest that an overhaul of the construction process and system is considered (see separate recommendations). We look forward to understanding how the new NEPO "OPEN" project will operate.

9. We feel that there should be recognition of how global issues affects the supply chain and the resultant challenges relating to cost and time faced by local companies which are out of their control. As evidenced by the current materials shortage.

10. We are pleased to see whole life cost being considered.

11. Contract and supplier management – we are pleased that a consistent approach is to be adopted and that a better understanding of supplier's risks is to be considered