

Committee: Cabinet	Date: 9 th January 2013	Classification: Unrestricted	Report No: CAB 71/123	Agenda Item: 10.6
Report of: Corporate Director of Resources Originating officer(s): Alan Finch- Service Head, Financial Services, Risk and Accountability		Title: Procurement Policy Imperatives Wards Affected: ALL		

Lead Member	Cllr Alibor Choudhury (Cabinet Member for Resources)
Community Plan Theme	One Tower Hamlets
Strategic Priority	Ensuring Value for Money across the Council

1. SUMMARY

- 1.1. Tower Hamlets Council spends approximately £445m each year with a wide range of suppliers on a diverse range of works, goods and services. The way the Council sets about procuring these inputs is more than just a matter of compliance; it directly impacts the way the Council delivers and demonstrates value for money and can be a major lever in the way the authority delivers its policy priorities.
- 1.2. The attached Procurement Policy Imperatives document sets out the approaches the authority intends in the forthcoming period to ensure these benefits are delivered.

2. RECOMMENDATIONS

The Mayor in Cabinet is asked to note the Procurement Policy Priorities.

3. REASONS FOR THE DECISIONS

The way the Council sets about procuring works, goods and services is important to achieving compliance with legislation, delivering and demonstrating value for money and delivering its policy priorities.

4. ALTERNATIVE OPTIONS

The approach of public sector organisations to procurement is primarily governed by UK and EU law and the need to find substantial savings over the forthcoming period. Within that, the authority can set its own priorities in relation to the lawful objectives it sets out to achieve through its procurement processes.

5. BACKGROUND

The attached Procurement Policy Objectives document is the Council's plan for the procurement of works, goods and services for the financial years 2012-2015. The public sector and most importantly Tower Hamlets Council is operating in an economic climate that has, and will, continue to affect the provision of Council services.

Tower Hamlets is currently the third most deprived authority in England and the second most deprived in London and is faced with one of the largest savings targets in the country as a result of the Government's austerity measures.

The policy priorities set out to achieve seven objectives;

- **To deliver savings and provide value for money:** helping the Council meet the future financial pressures resulting from a reduction in central government grant.
- **To create local employment and training opportunities:** incorporating provisions in contracts for local workforce, training and apprenticeship opportunities and helping contractors to use local services.
- **To support local businesses, especially SME and alternative providers:** making processes more transparent and accessible.
- **To promote workforce diversity and equality of opportunity:** incorporating provisions around our 'Workforce to reflect the Community' policy in contracts, and providing support for BME businesses.
- **To promote Fair Employment Practices:** seeking to incorporate in our contracts the payment of Living Wage and promoting good workforce practices.
- **To promote ethical sourcing, including fair-trade products:** seeking to ensure procured products are produced ethically throughout the supply chain and in all Council services and buildings.

- **To promote environmental sustainability:** seeking to reduce waste and emissions and consider 'Whole Life Costs' of products when evaluating tenders.

The Procurement Policy Imperatives follow the procurement approach agreed previously as part of the Council's Procurement Strategy.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

Procurement procedures are geared to enabling the Council to exercise best value in procuring works, goods and services, ensuring compliance with laws and best practice, preventing fraud and corruption in public service contracts and supporting the delivery of the Council's policy objectives. The Procurement Policy Imperatives will be implemented so that they deliver these objectives.

7. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 7.1. In November 2009, Cabinet approved the procurement procedures, which are designed to help the Council discharge its duty as a best value authority under the Local Government Act 1999 and comply with the requirements of the Public Contract Regulations 2006 (as amended). The procurement procedures detail the practical steps which ensure the Council's procurements remain within the legal constraints and are consistent with the proper administration of the Council's financial affairs.
- 7.2 The attached Procurement Policy Imperatives document sets out the approaches the authority intends to follow in the forthcoming period to ensure these benefits are delivered. It follows closely the new Public Services (Social Values) Act 2012 which is about to be implemented. Under this Act, the Council is required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area. It applies to all public services contracts and those public services contracts with only an element of goods or works. It doesn't apply to public work contracts or public supply (goods) contracts.
- 7.3 The Act requires the authority, at the start of a procurement, to consider if it should consult on the best way to achieve the improvement of the economic, social and environmental well-being of the area. It sits alongside other procurement laws but does not override them so care will need to be taken on the extent to which it can be adopted. Value for money remains the over-riding factor that should determine all public sector procurement decisions. However, there is a growing understanding of how value for money is calculated, and how "the whole-life cycle requirements" can include social and economic requirements. The new legislation reinforces the best practice of what can already take place.

7.4 The Council has a duty of Best Value under Section 3 of the Local Government Act 1999. By virtue of this duty it is required to ensure continuous improvement all its dealings. For local authorities, under their duty to achieve best value they must already consider social, economic and environmental value. The Best Value Statutory Guidance has been updated to take account of the Act.

8. ONE TOWER HAMLETS CONSIDERATIONS

The Procurement Policy Imperatives set out in detail how they will support One Tower Hamlets Considerations

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

The Procurement Policy Imperatives set out in detail how they will support environmental sustainability.

10. RISK MANAGEMENT IMPLICATIONS

A key objective of Council procurement procedures is to ensure that works, goods and services are procured in accordance with legislation and best practice and that controls are in place to manage risk.

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

Council procurement processes include controls that discourage or limit the impact of fraud and corruption in the award of public contracts.

12. EFFICIENCY STATEMENT

A key objective of Council procurement procedures is to ensure that works, goods and services are procured in accordance with best value and the authority is thereby able to demonstrate value for money.

13. APPENDICES

Appendix 1 - Policy Procurement Initiatives

Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "Background Paper"

None

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