

South Hams Strategic Partnership: Procurement Working Group Meeting on 6th September 2006

Present: Alan Robinson (SHDC Director - Community), Annette William (DCC), Roger Nicholson (SHDC Improvement Team), Michael Cozens (SHDC Economic Development) Cllr Roger Croad (SHDC Prosperity Chair and DCC representative on SHSP), Roger Grainger (DCC), Steve Fairbairn (Police), Kay Dawson (SHDC Community Development Officer), Lewin Dumper (Tor Homes).

Apologies: Ian Hardaker-Jones (South Devon College), Ian Hutchcroft (DCC), Sue Scrivener (PCT), John Taylor (Tor Homes), Penny Amraoui (Environment Agency), Alan Tibbenham (PCT)

Background / Scene setting

The original South Hams Community Strategy and SHSP focus has been on building relationships and developing networks. With the development of new Sustainable Community Strategy 2006-11, SHSP are looking for specific actions.

At an initial meeting of partners looking at the Competitive Local Economy theme of the community strategy, it was agreed that a number of actions would be delivered through the Local Development Framework and the Prosperity Strategy. This meeting is to explore whether further partnership work could add value to economic development activities. South Hams area does not have issue with availability of jobs, rather that jobs are often low paid and seasonal. However one area that has potential for significant impact is that around partner procurement, but bearing in mind the legal constraints that partners need to work within.

The Local Area Agreement (LAA) is a contract between central & local government on the delivery of services. It identifies local priorities under 4 themes, and promotes flexibilities and freedoms, of funding and policies, promoting effective targeting of resources and the collective tackling of issues. The key LAA block for this group to consider is the Economy and Enterprise theme, which continues to develop, but covers key objectives around skills, inclusion providing infrastructure for innovation, and raising productivity and local procurement. There is the potential for SHSP to get involved in a pilot project under this theme.

Devon Procurement Partnership

The Devon Procurement Partnership (DDP) was established in May 2003, and involves the county and district authorities, Exeter University, Plymouth Land Registry, Dartmoor National Park Authority and has numerous 'associate' members including Environment Agency and Met Office. To date 15 collaborative contracts have been let. The partnership also provides e-tendering / e-procurement tools and offers training to potential suppliers around the tendering process to encourage local business participation. The partnership offers an 'electronic catalogue' of local suppliers.

The Partnership has done some evaluation work on the value of contracts on the local economy. Food contracts appear to give 4x the value back to the local economy, however this can be misleading as the food products may not be locally sourced. Construction contracts give 2x the value back to the local economy, which appears to be more realistic as they usually involve sub-contracting to local builders. The partnership would like to test other commodity groups. The partnership would also like to do more work influencing the

local supplier around the sourcing of produce, especially food, but need to keep within legal constraints.

There are pro's and con's to collaborative purchasing, as there are procurement threshold limits, which means if contract sizes exceed £144k (higher for construction contracts) it needs to be opened up Europe-wide. Therefore it is sometimes more appropriate to think smaller scale if looking to encourage local suppliers. The partnership has done some work around breaking down contracts into smaller elements in order not to fall foul of legislation. This does mean increased admin, but brings the desired 'added value' IF local suppliers tender and are successful. E-procurement tools can also mitigate the increase admin.

The procurement process can become complex, and partners need to be clear about the rules and regulations. It should therefore be more about economic development than local purchasing i.e. supporting the local supplier with skills and knowledge about how to go about the procurement process with partners. Key work may well focus around making use the sector forums and other innovative methods of promoting training and e-tools such as www.devontenders.gov.uk which links businesses to the Devon Procurement Portal.

Partners Input:

Tor Homes / RSLs: Construction contracts are biggest spend area. They have various constraints on contractors they can use including Clients Charter, Considerate Constructors Scheme, Construction Line etc, which are designed to improve standards. Though not measured, believe most construction work is done through sub-contracts to local builders. Housing Authorities (HA) are also looking to meet efficiency targets, and joint procurement and partnership working may help deliver these. HA often need the use of specialist services, such as Community Development where they may be potential for sharing posts, or collaborative services such as payroll. RSLs are moving towards e-tendering.

Police: Wide diversity in procurement needs from day-to-day admin items to specialist equipment. There is already huge amount of local purchasing through local bases, and often 're-active' spend will be through local companies. There is a capital programme for the re-build / re-fit of stations, again, likely to be local sub-contractors used. However, in instance of Salcombe station works, they did experience significant problems trying to get local builders due to lack of locally available labour. Police also looking for collaborative services, such as payroll.

General discussion:

- Do we need to analyse partners spending habits to see where most benefit might be made, or is DPP evidence sufficient?
- Some partners are aware of their organisations total spend figures.
- For smaller contracts (under £30k) use of 3 quotes
- Could there be a generic procurement form for use by 'associate' partners?
- If the procurement training were offered in South Hams, would need 6 people attending to make it viable.
- Tor Homes does not have a procurement policy, only financial orders and regs. They would like to see procurement policies of partners. If Tor were to develop a policy it would help guide local managers.
- Imposing sustainability criteria into tendering process might fall foul of legal constraints as uncompetitive. Rather, partners should seek to influence suppliers sources.
- Also the need to win the hearts and minds of staff to 'buy local'.

- Awareness the Devon cannot produce everything needed, so inevitably there will be 'leakage'.

Also

Which other organisations could contribute to this approach?

- MOD, Fire & Ambulance services, South Devon College, Environment Agency, Voluntary and Community Sector.

Key tasks as starting point:

Looking for both 'quick wins' and longer-term actions for the partners to take forward.

- **AW and MPC** to investigate potential to promote and deliver Devon Procurement Partnership initiatives, including training opportunities in South Hams.
- **AW to supply MPC** with range of publicity materials.
- **MPC and AW** to liaise with Adele Dawson at South Devon College.
- **AW and MPC** to liaise on 'Buy local' consistent messages to staff and customers in individual partner newsletters to public and staff, and through SHSP promotional activities. Circulate also to Penny Amraoui (EA) and Jenny Bishop (SHDC Publicity)
- Also the potential to promote 'buy local' message through payslips, invoices etc.

Other:

- **AW and RN to provide LD** with copy of DCC and SHDC Procurement Strategy.