

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
7 June 2016

**Subject: ENCOURAGING PROCUREMENT FROM LOCAL SUPPLIERS BY
HAMBLETON DISTRICT COUNCIL**

All Wards
Portfolio Holder for Economic Development and Finance: Councillor P Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to approve a strategy to encourage more local businesses to bid for Council contracts.
- 1.2 The Council on average awards contracts for goods, works and services of approximately £5.4million per annum to over 851 suppliers. A significant proportion of those contracts in terms of value (approximately £2.7 million) are awarded to around 39 suppliers for the provision of, amongst other things, energy (gas, electric, fuel), municipal vehicles, insurance, telecommunications, commercial waste and postal services. These contracts by their very nature are more generally entered into with national suppliers (e.g. BT, Post Office, etc). Of the remaining expenditure approximately £1.13 million is spent with around 313 local businesses. This represents about 37% of all suppliers with which the Council does business.
- 1.3 As part of its priority of Driving Economic Vitality the Council is always seeking opportunities to promote growth in the local economy. One way it can seek to contribute to that aim is by encouraging local businesses to bid for Council contracts, subject to the overall aim of seeking best value.
- 1.4 It is important to note however, that the Council is constrained when procuring goods, works and services from local suppliers. The most important constraint is the need for local authorities to comply with European Procurement Directives. These require the Council to ensure fairness, openness and transparency in its purchasing arrangements. This means that above European Union thresholds (which generally apply to larger value contracts) the Council must ensure that it tenders competitively throughout the European Union and award contracts to the most competitive tenderer regardless of geographical location.
- 1.5 However, a significant proportion of the Council's expenditure falls below current European directive thresholds (e.g. £164,176 for contracts for services), and the Council can seek to encourage local businesses to bid for those contracts (or indeed any other contracts) if they provide best value. It should be noted that even then a Council contract can only be awarded following open and fair competition, which meets the principles of equal treatment, non-discrimination and transparency. Those principles would not be met by awarding contracts to businesses solely because of their local geography.
- 1.6 In order to address these issues the Council has refreshed the Corporate Procurement Strategy attached as Annex 'A' to this report which, amongst other things, encourages local suppliers to bid for appropriate work and sets targets for 2016 – 2017 which include promoting the Council's contracts register amongst local businesses, and holding at least two "Meet the Buyer" events to assist local businesses in bidding for Council contracts. It is

hoped that this will encourage more local businesses to bid for Council work whilst continuing to operate within the current regulatory regime.

2.0 LINK TO COUNCIL PRIORITIES:

2.1 The Procurement Strategy will assist the Council in meeting its priority of Driving Economic Vitality.

3.0 RISK ASSESSMENT:

There are no risks associated with this report.

4.0 FINANCIAL IMPLICATIONS:

4.1 There are no costs associated with this report.

5.0 LEGAL IMPLICATIONS:

5.1 The Council is required to ensure that every procurement it undertakes complies with the Public Contract Regulations 2015, European Union law and its Procurement Procedure Rules and Policies.

6.0 EQUALITY/DIVERSITY ISSUES

6.1 Having considered the Council's public sector equality duty there are no issues arising from this report.

7.0 RECOMMENDATION:

7.1 That Cabinet endorses the Procurement Strategy attached as Annex 'A' to this report.

JUSTIN IVES

Background papers: None

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