

## Executive

23 October 2007

Report of the Assistant Director (Audit & Risk Management)

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## Competition policy

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### Purpose

- 1 The purpose of this report is to:
  - a) update the Executive on the progress made to date in developing a universal approach to competition at the Council, further to the adoption of the Corporate Procurement Strategy and associated medium term action plan in May 2007;
  - b) ask the Executive to consider and comment on the scope and content of a draft Competition Policy as set out at Annex A for approval by Full Council in due course.

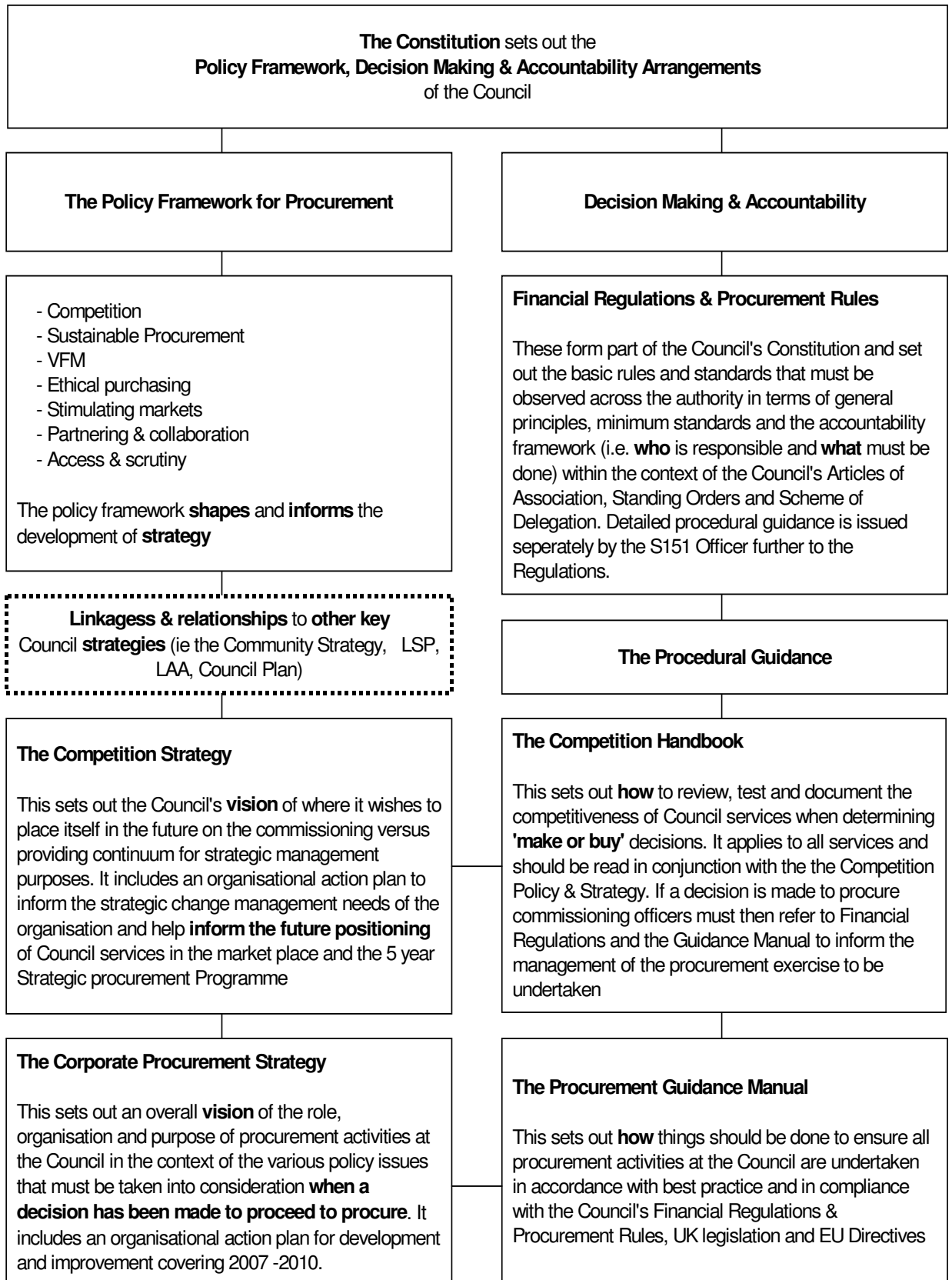
### Background

- 2 There have been significant internal and external pressures for the Council to develop a coherent and documented approach to competition and procurement since 2000/2001, as noted in previous reports to the Executive. These pressures continue and the Council's arrangements will come under further close scrutiny through the corporate CPA assessment process scheduled in early 2008.
- 3 A great deal of good progress has been made over the last 2 to 3 years to put in place the regulatory and governance infrastructure needed to better facilitate effective procurement activities across the authority. Further to that development work, Council adopted a new Corporate Procurement Strategy (CPS) in May 2007. It was agreed at that time that the CPS should focus on setting out the overall policy framework and strategy for procurement following any given '*make or buy*' decision and that a separate competition policy and strategy framework would thereafter be developed detailing how the Council would determine '*make or buy*' decisions in the first instance.

## The Competition Policy

- 4 Work is now on-going to develop a draft Competition Strategy to be brought to the Executive for discussion in the next few months. An essential pre-cursor in helping to shape and take that work forward is, necessarily, the development of a robust competition policy. A draft policy has been prepared and is attached at Annex A for Members' consideration and comment at this stage. It should be noted that the policy constitutes a high level statement of general intent only, based on an overarching commitment to establishing overall supply and provision arrangements that seek to help optimise service outcomes and value to the community and local tax payers.
- 5 The policy **does not** attempt to set out the way which the Council will implement the policy, test or review the competitiveness of current service arrangements or how it will make decisions about any given service delivery options. Nor does the policy attempt to set parameters around what will or will not constitute a mixed economy of supply and delivery in the future. Those matters and the processes that will be observed in testing competitiveness, considering alternatives, determining the best means of delivery and the associated decision making requirements in so doing, will be set out separately in the Competition Strategy and the Competition Handbook which will need to be agreed by Members in due course. Exhibit 1 overleaf shows the various component parts of the overall governance infrastructure for competition and procurement and how these different elements will relate to each other within that framework once complete.
- 6 The Competition Strategy and Competition Handbook are currently in development and consultation with all key stakeholders will begin shortly. It is envisaged that this work will build on the basic principles and methodology for reviewing and testing competitiveness and 'best value' of our services, as set out in the Rollo report agreed by Members in 2003.
- 7 Agreement at this stage to overall scope and purpose of the Competition Policy as set out in Annex A is crucial to informing the work now on-going to develop the Competition Strategy and Competition Handbook. Clearly however, it would make little sense to deploy the Competition Policy in advance of Council approval of an agreed Competition Strategy and the methodology needed to support the function of integrated and meaningful review and decision making processes. It is therefore suggested that the draft Competition Policy be approved in principle at this stage by Members with a view to it being formally approved by Full Council at the same time as the Competition Strategy in the next few months.

# Exhibit 1



## Options & analysis

- 8 Not relevant for the purpose of this report.

## Consultation

- 9 The draft policy has been considered by Corporate Management Team and circulated as an early draft to other relevant specialist officers for comment and with reference to the Audit Commission. The draft has been positively received by consultees.

## Corporate priorities

- 10 The adoption of a Competition Policy will support the delivery of the Council's corporate priorities and is consistent with the purpose and intent of the direction and values statements underpinning the Corporate Strategy as a whole.

## Implications

- 11 There are no specific financial, legal, HR, property, crime & prevention, IT&T or other implications arising from this report.

## Risk Management

- 12 The Council remains at risk of a poor CPA and/or specific inspection reports if it does not have a clearly documented policy for competition as part of an overall strategy, policy and decision making framework for competition and procurement of the kind set out in Exhibit 1 above, before the end of this year. It also risks failing to ensure procurement activities across the organisation are properly channelled into supporting the delivery of Council objectives and ambitions.

## Recommendations

- 13 The Executive is asked to:
- a) note the work now on-going to develop a Competition Strategy and accompanying Competition Handbook at the Council, further to the adoption of the CPS in May 2007;

### Reason

*To advise Members of progress in developing robust competition and procurement arrangements at the Council.*

- b) comment on the scope and content of the draft Competition Policy attached as Annex A to this report;

Reason

*To seek Members views as to the scope and content of the draft policy.*

- c) approve the draft policy in principle as set out at Annex (subject any changes required and adoption by Full Council in due course) to allow work on the Competition Strategy to progress.

Reason

*To allow officers to progress detailed work on the Competition Strategy in the context of an agreed policy framework for competition at the authority.*

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Report  
Approved

Date 11 Oct 2007

**Specialist Implications Officer(s)**

**Wards Affected** Not applicable

All

**For further information please contact the author of the report**

**Background Papers**

Corporate Procurement Strategy 2007/08 – 2009/10

**Annexes**

Annex A – Competition Policy (discussion draft)

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Annex A  
Competition policy

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*Discussion draft*