

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO

Cabinet
01 December 2021

Report Title: Procurement Strategy 2022-25

Submitted by: Executive Management Team

Portfolios: Finance, Town Centres & Growth

Ward(s) affected: All Wards Affected

Purpose of the Report

To consider and approve the Borough Council's Procurement Strategy and Action Plan 2022-25.

Recommendation

That Cabinet:

- 1. Review, consider and approve the Borough Council's Procurement Strategy 2022-25;**
- 2. Review, consider and approve the Action Plan (Appendix 3) of the Borough Council's Procurement Strategy 2022-25**

Reasons

The current Procurement Strategy 2017 – 2021 and Action Plan is due to end in December 2021 and in line with the Council's Priorities, internal governance, legislative changes, sustainable procurement and Brexit your officers have formulated a new strategy that seeks to address such changes and respond to the need to build on the ongoing improvements currently being delivered throughout the authority.

1. Background

- 1.1 Procurement has a far broader meaning than that of simply purchasing, buying or commissioning. It is about securing assets and services that best meet the needs of users and the whole community spanning the life cycle of an asset or service. The life cycle is generally defined as being from the initial definition of the business need through to the end of the useful life of the asset or service, including any costs of disposal.
- 1.2 Commissioning is the process of specifying securing and monitoring services to meet individuals' needs both in the short and long term.
- 1.3 The Government initially placed a duty of best value on local authorities under the Local Government Act 2000 to deliver services to clear standards of cost and quality by the most economic, efficient and effective means available. Best Value was a challenging framework that required authorities to review all their services in the light of government guidance.
- 1.4 In the context of procurement, obtaining best value for money means choosing the solution that offers the optimum combination of whole life costs and benefits to meet the customer requirement.

- 1.5 The Procurement Strategy 2022-25 sets down the basis of developing and implementing best value throughout its service to citizens and the business community, aligned with the challenge to deliver ongoing savings in line with the authority's need to respond to the changing financial environment. The Council will continue to develop its procurement principles and practices aiming to deliver further improvements in this key service.
- 1.6 It is important that we ensure procurement activity supports the delivery of the Borough Council's strategic and operational priorities, with relentless focus on value for money and financial performance, as well as wider strategic aims. Sustainable Procurement is a strategic procurement aim of the Council, by having effective sustainable procurement practice embedded within our processes will help ensure that procurement is recognised as being vital to the delivery of our corporate objectives
- 1.7 The Procurement Strategy 2022-25 is supported by the publication of the 'Action Plan' found at Appendix 3 of the strategy that's seeks to support the delivery of the strategy throughout the three year period. The strategy is further supported by a range of governance procedure inclusive of:
- Council Contract Procedure Rules;
 - Council Financial Regulations and
 - Council Constitution

2. **Issues**

- 2.1 In developing the Strategy your officers have recognised the need to
- Further embed legislative changes (Public Contract Regulations 2015);
 - Embed sustainable procurement into the Council's Procurement Strategy
 - The changes introduced following Brexit
 - The considerations contained within the Governments Green Paper: Transforming Public Procurement which seeks to speed up and simplify our procurement processes, place value for money at their heart, and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery
- 2.2 The new strategy aims to further increase the profile of the procurement processes, procedures, principles, sustainability and protocols within the Council. They have recognised a need to heighten the requirements for the delivery of Social Value in support of the 'Public Services (Social Value) Act 2012 taking into consideration its potential impact on the local environment, and social wellbeing of the community.
- 2.3 The strategy identifies drivers for the successful delivery and builds on the need to simplify processes and seek to attract and increase spend with local service providers inclusive of small to medium enterprises, micro business and social enterprises inclusive of third sector providers. It examines the call for greater efficiencies, collaboration and sharing of services.

3. **Proposal**

- 3.1 That Cabinet review, consider and approve the Borough Council's Procurement Strategy and Action Plan 2022-25.

4. **Reasons for Proposed Solution**

- 4.1 The proposed, Procurement Strategy seeks to reflect best practice, identifies by way of the action plan further ongoing improvements, supports in the simplification and standardisation of processes, the need to support officers undertaking procurement exercises on a regular

basis and the continual requirements to identify and deliver savings, responding to the need to address the budget shortfalls identified by the Council as part of its medium term financial strategy.

4.2 The Procurement Strategy and its implementation identifies and demonstrates a willingness to improve procurement practices across the Council, leading to ongoing improvements in service levels, increased efficiencies, sustainability and officer awareness of the ongoing changes in the public procurement.

5. **Options Considered**

5.1 To do nothing and continue to run with an outdated Procurement Strategy would reflect on an inability to respond to ongoing changes and to continually review, challenge, identify improvements and strive to support the service throughout the Council. The accompanying action plan to deliver the revised Strategy gives the Council an opportunity to embed improved processes, procedures, policies and protocols within the day to day activities of procuring products and services by officers throughout the Council.

6. **Legal and Statutory Implications**

6.1 There are no new legal or statutory implications, however the Procurement Strategy 2022-25 supports the work in embedding the requirements under the Public Contract Regulations (PCR) 2015, Public Services (Social Value) Act 2012, the Governments Green Paper 'Transforming Public Procurement' and the changes brought about by completion of BREXIT.

7. **Equality Impact Assessment**

7.1 All major procurement (high risk and high value) shall recognise the impact on the social, economic and environmental wellbeing within the Borough. We will strive to offer equality and diversity in all our procurement transactions. We will strive where practicable and possible to utilise local labour, materials and services. We will aim to support the growth in modern apprenticeships and the placement of trainees in industry and commerce.

8. **Financial and Resource Implications**

8.1 At this stage there are no direct financial and resource implications, however, where resource issues are identified as part of the implementation of the action plan, these will be brought to future Cabinet meetings.

9. **Major Risks**

9.1 There are no major risks but areas of high risk can be summarised as follows:

- Failure to identify the financial support to the service.
- Failure to meet legislative requirements.
- Failure to identify key areas for improvement and savings.
- That the Council's corporate commitment and priorities are not delivered.
- Failure to provide efficient staff with skills, knowledge and capacity to support the delivery of appropriate procurement options.
- Failure to provide efficient staff capacity to support the assessment and delivery of new methods of service and to evaluate immature and emerging markets.
- Council fails to innovate and develop new methods of delivery.
- Failure to identify social value criteria at the early stages of the procurement cycle.
- Failure to identify the whole life costs of strategic procurements.
- Failure to contract manage.

- Failure to identify savings as part of both existing contracts and new procurements.

10. UN Sustainable Development Goals and Climate Change Implications

10.1 The Procurement Strategy 2022-25 and Action Plan seeks to support the following sustainable Development Goals and Climate Change Implications:



11. Key Decision Information

11.1 The revised Strategy and action plan supports the objective of ensuring the council commissions and procures fit for purpose services and supplies, and understands the market it seeks to influence and develop.

12. Earlier Cabinet/Committee Resolutions

12.1 No earlier Cabinet/Committee Resolutions apply.

13. List of Appendices

13.1 Appendix * – Procurement Strategy and Action Plan 2022 -2025

14. Background Papers

14.1 Green Paper: Transforming public procurement:

<https://www.gov.uk/government/consultations/green-paper-transforming-public-procurement>