

**Meeting** Executive  
**Portfolio Area** Resources  
**Date** 20<sup>th</sup> October 2021



## REVIEW OF THE CO-OPERATIVE PROCUREMENT STRATEGY 2021-2024

### KEY DECISION

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### 1 PURPOSE

1.1 To consider the Co-operative Procurement Strategy 2021-2024.

### 2 RECOMMENDATIONS

2.1 That Members approve the updated Co-operative Procurement Strategy for 2021-2024.

### 3 BACKGROUND

3.1 The Council first approved a Corporate Procurement Strategy in 2001; it has been reviewed on five occasions during this period, the last revision was in 2016/17. The latest revision to the strategy has been made to align with the Council's Future Town, Future Council ambitions and outcomes and the Strategy has been rebranded the 'Co-operative Procurement Strategy 2021-2024'.

3.2 The procurement function plays an important role in achieving value for money, helping to support the economy, driving sustainability, social value

and community wealth building and mitigating the risk of legal challenge and fraud.

- 3.3 The Co-operative Procurement Strategy 2021-2024 forms part of the Council's policy framework

#### **4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1 The Council could just adopt the National Procurement Strategy 2018; it would offer procurement direction but not direct alignment with the Council's Corporate Plan, Future Town, Future Council and focus specifically on the themes that are important to Stevenage Borough Council. For this reason, it is therefore recommended that the Council adopts its own Co-operative Procurement Strategy to support the strategic direction of the Council.
- 4.2 The Co-operative Procurement Strategy 2021-2024 has been written around the principle of five 'Foundations'. Each 'Foundation' is a building block of the considerations that need to underpin the procurement process and will be embedded into the way the Council procures goods, works and service contracts to support the Council's ambitions.
- Community Wealth Building – This focuses on keeping money reinvested in Stevenage to promote opportunities for SME's, Employee Owned Businesses, Social Enterprises and other Community based or Owned Businesses within the Borough which will support the aim of locally recirculating wealth in the area.
  - Sustainability – Tackling climate change and improving sustainability must be a key foundation for all procurement activity. By harnessing purchasing power the Council will help combat climate change and reduce carbon emissions; reduce waste; save resources; improve air quality; and enhance green space and promote biodiversity.
  - Social Value and Ethical Procurement – Social Value involves looking beyond prices of each individual contract and looking at what the collective benefit to a community is, when a public body chooses to award a contract. Social Value asks the question 'If £1 is spent on the delivery of services, can that same £1 be used to also produce a wider benefit to the community?'
  - Commercial and Insourcing – The Council will continue with its commitment to use in-house services to deliver council operations, and insourcing will be the council's default position, other than when there is sufficient evidence that this is not an option. All services provided to, or on behalf of the council by external suppliers or third parties will be reviewed to establish if an opportunity exists to enhance service delivery or achieve better value by delivering services directly.

- Pro-active Procurement – The Council’s Corporate Procurement team provide support that delivers better procurements to develop knowledge and intelligence, supporting the delivery of the Council’s ambitions. The procurement process spans from the pre-market engagement, preparation, the tender and award and through to the final stage of contract management. The Council expects to form a pro-active approach at all stages in the procurement cycle taking stock and considering options to best meet the needs of the town.
- 4.3 The Council spent approximately £60 million on the procurement of goods, works and services in 2020/21; this is an increase of £10 million compared to 2019/20. That growth is a result of the construction projects being undertaken in the town as part of regeneration schemes. A major part of the procurement spend relates to major refurbishment contracts on the Council’s housing stock. Although these construction works contracts are national rather than local in nature they do have local clauses such as:
- employing and training local apprentices
  - working with local schools to provide career advice and experience.
  - supporting and using local suppliers within their supply chain.
- 4.4 The implementation of the Social Value portal as part of this strategy will enable the Council to capture the social value embedded in new contracts over the value of £75,000 going forward.

### Consultation

- 4.5 The strategy was sent out to consultation to local businesses in Stevenage including Biz4Biz, Herts Chamber of Commerce and the Federation of Small Businesses in addition to Council Members and procuring Council Officers. The consultation was issued over a five week period in August and early September. A total of 19 responses were received, a summary consultation report acknowledging the feedback received is detailed under Appendix C. Where comments made as part of the consultation have required an action these have been carried out by Corporate Procurement; minor changes have been made to the strategy as a result of some of the feedback received and some respondents have received emails to offer them advice, for example on how they can register for opportunities through the Supply Hertfordshire webpages.
- 4.6 The strategy was taken to the Portfolio Holder Advisory Group on 16<sup>th</sup> September where the following points were raised.

	Question Raised	Response	Actions
1.	How are the Council able to guard against poor quality performance in a contract?	<ul style="list-style-type: none"> <li>• This is the responsibility of the Council to keep on top of a contract through good contract management.</li> </ul>	Procuring Officers to receive a training refresher on contract management.

	Question Raised	Response	Actions
2.	Are payments made for contracts where there has been poor performance in advance or arrears?	<ul style="list-style-type: none"> <li>Contract Standing Orders state pre-payments must not be made before goods, works or services are received unless approval is sought.</li> <li>Poor performance can be managed by ensuring good contract management.</li> </ul>	Procuring Officers to receive a training refresher on contract management.
3.	How is the Council able to apply the principle foundations of the Strategy back to any in-house services being provided by the Council, such as social value?	<ul style="list-style-type: none"> <li>Officers will explore how this could potentially be measured Social Value is measured through scoring the tender so this is not as easy for in-house services.</li> <li>If any procurement is undertaken in an in-house contract then the Contract Standing Orders would be followed for say materials and equipment</li> </ul>	The point will be taken away to consider ways to benchmark in-sourced contracts against the principle foundations of this Strategy.
4.	Is the Council able to take up references for contractors? When there has been a poor contract experience, does the Council notify other authorities or do they notify Stevenage of poor practice?	<ul style="list-style-type: none"> <li>References are requested as part of procurement process.</li> <li>Poor contract performance can happen for a number of reasons but could be also due to poor contact management within a specific authority.</li> <li>Procurements should be considered individually and other authority's poor experience should not form part of a new procurement exercise.</li> </ul>	No action required.
5.	What inflation measures does the Council have in contracts?	<ul style="list-style-type: none"> <li>CPI is used to measure inflation in the majority of contracts.</li> <li>There are some exceptions where fixed pricing is requested. If a contractor sees risk then it will be built into the contract so fixed pricing is not normally the best approach.</li> </ul>	No action required.
6.	If there was a Stevenage based supplier and a non-Stevenage based supplier selling the same product but the supplier in Stevenage was more expensive how can the Council be sure to follow the principles of the Strategy?	<ul style="list-style-type: none"> <li>The majority of procurements are based on the most economically advantageous offer so quality plays a part as well as price.</li> <li>The Strategy gives local suppliers the opportunity to bid; if their offer is not competitive then it would not be fair to award them the contract.</li> <li>We will always act on the principles of fairness and transparency as set out in the Public Contract Regulations 2015.</li> </ul>	<p>The Council will encourage local suppliers to register on Supply Hertfordshire to give them the opportunity to bid for the Council's business.</p> <p>Webinars will be held to assist suppliers with understanding the procurement process.</p>
7.	Was the timing of the consultation a reason for the lack of response to the survey?	<ul style="list-style-type: none"> <li>The consultation was issued over August/September which may have limited some survey responses, however it was open for five weeks to maximise the opportunity to respond.</li> </ul>	The Council will review the timing of any survey consultation in the future.

- 4.7 There are delivery outcomes with dates for each of the five foundations set within the Strategy advising of commencement and completion. The strategy will be reviewed on an annual basis by the Contracts and Procurement Group to update on the progress of the delivery targets and to ensure that it continues to reflect the Council's ambitions.

## **5 IMPLICATIONS**

### **Financial Implications**

- 5.1 It is anticipated that following best practice through the revised Procurement Strategy will improve the Council's financial standing by adopting value for money procurement, efficiency gains and the mitigation of risk. The Commercial and Insourcing Principle Foundation of the Strategy encourages commercialism including maximising value for money from contractual relationships, including the consideration of insourcing services.

### **Legal Implications**

- 5.2 The Strategy has due regard to the Public Contract Regulations 2015 and other relevant legislation to be applied within the procurement process. The Co-operative Procurement Strategy 2021-2024 will be reviewed in light of changes that may arise as a result of updated procurement legislation passed during the term of this Strategy.

### **Climate Change Implications**

- 5.3 Tackling climate change and improving sustainability is a key foundation for all procurement activity and is embedded in the Sustainability foundation of the Strategy, which will help combat climate change, reduce carbon emissions, reduce waste, save resources, improve air quality, enhance green space and promote biodiversity in the supply chain.

### **Human Resources Implications**

- 5.4 It is anticipated that the outcomes and deliverables of this Strategy will be absorbed in the current workload of both the Corporate Procurement team and Procuring Officers across the Council. As procurement occasionally involves outsourcing of services, workforce matters involving the transfer of staff in line with the Transfer of Undertakings (Protection of Employment) Regulations 2006 is an area that procuring officers may need to consider.

### **Equalities and Diversity Implications**

- 5.5 The Council has committed itself to providing high quality services that are relevant to the needs and responsive to the views of all sections of the local community, irrespective of their race, gender, disability, culture, religion, age, sexual orientation or marital status. The General Equality Duty (Section 149 of the Equality Act 2010) requires the Council to have due regard to the need

to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of its functions. These considerations are the duty of decision makers. An Equalities Impact Assessment has been carried out as part of this strategy review to aid decision makers in their consideration of the Equality Duty (see Appendix B).

## **BACKGROUND DOCUMENTS**

- BD1 Corporate Procurement Strategy 2016-2020
- BD2 Corporate Plan: Future Town, Future Council

## **APPENDICES**

- A Co-operative Procurement Strategy 2021-2024 – Building Wealth in Our Community.
- B Equality Impact Assessment of Co-operative Procurement Strategy 2021-2024.
- C Briefing Paper on the Corporate Procurement Strategy 2021-2024 Consultation Results.