

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**  
**THURSDAY, 23 NOVEMBER 2023**

<b>Report Title</b>	<b>Procurement Strategy - 2023 - 2028 and Annual Social Value Update</b>			
<b>Purpose of Report</b>	To present the new Procurement Strategy to the committee and to provide the annual update on Social Value provision across the district through our procurement activity.			
<b>Decision(s)</b>	<b>The Committee RESOLVES:</b> <b>a) To APPROVE the Procurement Strategy 2023 - 2028;</b> <b>and</b> <b>b) To NOTE the annual Social Value Update</b>			
<b>Consultation and Feedback</b>	An annual procurement update is provided to the Strategy & Resources and Audit & Standards Committee. Strategic Leadership Team and Leadership and Management Team were consulted as part of this review, their feedback has been incorporated in the new strategy.			
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<b>Options</b>	None.			
<b>Background Papers</b>	The Local Government Association's – National Procurement Strategy for Local Government in England 2022 – link <a href="#">here</a> Social Value Policy – link <a href="#">here</a>			
<b>Appendices</b>	Appendix 1 – Procurement Strategy 2023 - 2028			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	No	Yes	No	No

**1. Background**

- 1.1 The primary function of the council's previous Procurement Strategy 2019 - 2023 was to provide a clear vision for the overall direction of procurement across the authority with a specific focus on demonstrating value for money through the effective procurement of goods, services and works on a whole-life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment.
- 1.2 The new Procurement Strategy 2023 - 2028 builds on these requirements whilst recognising that the importance of procurement in the public sector continues to grow, with increasing pressure to improve performance. This is reflected in the Council Plan and the Equality Action Plan with specific actions relating to procurement:
- ER4.3 Support procurement from local businesses and drive local spending on low carbon goods and services to create stronger supply chains within the local economy.

This may include collaborative partnerships with local anchor institutions to encourage community wealth building.

- EQ2.2 Embed the use of the Social Value Portal, a tool which enables the Council to monitor the additional community benefits of Council procurement.

- 1.3 The National Procurement Strategy (NPS) for Local Government in England has been developed by councils and endorsed by the Local Government Association's Procurement National Advisory Group. The NPS was published in August 2022 and sets out recommendations for district councils in relation to procurement and contract management activity. The new national strategy builds on the procurement aims from the two previous national procurement strategy of 2014 and 2018, where the key themes have remained the same as the last strategy and are: **showing leadership; behaving commercially; achieving community benefits.**
- 1.4 The reforms contained the new Procurement Act 2023 which is due to 'go live' in October 2024, will place value for money, public benefit, transparency and integrity at the heart of procurement; they will modernise and unify systems and processes; and they will get tough on the poor performers and fraudsters.
- 1.5 The Act reforms the UK's public procurement regime, making it quicker, simpler, more transparent while remaining compliant with our international obligations. It will more effectively open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts.
- 1.6 The report sets out how the review has been carried out and the main points arising from the new Procurement Strategy.
- 1.7 Social value refers to the wider financial and non-financial value created by an organisation through its day-to-day activities. It is defined by the Public Services (Social Value) Act 2012, which requires all public sector organisations when procuring contracts for services above the prescribed amount, to look beyond the financial cost of a contract to consider how the services procured can improve the economic, social, and environmental wellbeing of an area.
- 1.8 The Council's Social Value Policy was approved in October 2021. It exceeds the legal requirements of the Public Services (Social Value) Act 2012 as it requires social value requirements to be included where appropriate to do so in the procurement of goods, works and services contracts valued over £75,000.
- 1.9 Since November 2021, social value through procurement has been measured using an online tool called the [Social Value Portal](#) (SVP). The SVP enables the Council to measure and manage the contribution the Council, and its supply chain, makes to the district in terms of benefits to the community through its procurement activity.
- 1.10 The National TOMs (Themes, Outcomes and Measures) Framework was developed by the SVP and the Local Government Association, and it offers a consistent measurement solution that is used by public, private and third sector organisations.
- 1.11 The National TOMs Framework consists of outcomes and measures that are split into five main themes: promoting jobs and skills, supporting regional growth, empowering communities, protecting the environment, and promoting social innovation.
- 1.12 The council has chosen two sets of TOMs, a 'master' and 'light' set which reflect our priorities and services, these were adopted by this committee in November 2022. Our TOMs can be viewed here: [Stroud TOMs](#)

## 2. Review of the Procurement Strategy

2.1 The following actions have been undertaken to inform the new Procurement Strategy:

- 2.1.1 **Self-assessment against the LGA National Procurement Strategy Toolkit:** This enabled us to understand the maturity of our procurement function within the five levels of maturity – minimum; developing; mature; leader and innovator. We have mainly assessed at a level of minimum or developing with the level of mature reached in some areas. This assessment has been used to inform the Annual Procurement Action Plan and the Strategic Road Map for procurement over the term of this Strategy.
- 2.1.2 **TIDE assessment:** The Talent, Inclusion and Diversity Evaluation (TIDE) self-assessment and benchmarking tool developed by the Employer's Network for Equality and Inclusion (ENEI) has been completed. It covers 8 areas where our progress on equality matters is measured; one of which is procurement. The assessment shows that for our procurement activity we are at the second stage (mobilise stage) of 5 stages. Actions have been included in the annual procurement action plan to improve our supplier's fulfilment of equality activity in terms of monitoring and training their staff.
- 2.1.3 **Develop a Forward Procurement Plan:** This is being developed and will be published annually on our website to include details of forthcoming procurement opportunities which will enable us to plan for procurement and raise awareness of our opportunities in the market for existing and potential suppliers. It is intended to bring the Annual Procurement Plan to this committee for approval in February 2024.
- 2.1.4 **Corporate Governance Group:** The group has met regularly since its formation earlier this year and reviews the procurement and contract management activity across the authority. The group has fed into the new procurement strategy and its role has been acknowledged in the new strategy.
- 2.1.5 **Development of the Social Value Portal:** This will continue to be developed and is included in the annual procurement action plan.
- 2.1.6 **Review the Procurement guidance:** The guidance provided to officers is currently under review; consultation has taken place and feedback incorporated into this Procurement Strategy and the guidance on the Hub.
- 2.1.7 **Develop measures to monitor performance:** Metrics have been developed to monitor performance and the effectiveness of procurement and contract management activity.

## 3. Main Points

- 3.1 The following Procurement Aims have been developed and included in the new Procurement Strategy to focus our procurement and contract management activities.
- 3.2 To focus our procurement and contract management activities, the Procurement Strategy sets out the following Aims and objectives including actions and outcomes. These are detailed in the Annual Procurement Action Plan attached to the Strategy at Appendix 1 – [link here](#).

### **Procurement Aim 1**

**Procure works, services and quality goods that are responsive to the needs of our community, where relevant to the community and deliver optimum value for money.**

- **Driving Value for Money (VFM)**

Delivering value for money is at the heart of what procurement does. Every pound spent must deliver true value to the community, whether that is by better management of our existing contracts, proactive spend analysis, or being more commercially astute.

### **Procurement Aim 2**

**Drive Social Value from our procurements, including minimising the adverse environmental impact of services delivered by our suppliers, and supporting the local economy.**

- **Supporting the Local Economy**

- **Social Value**

By using the Social Value Portal we can measure how we are improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost.

- **Small and Medium sized Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs)**

We recognise that engaging local SME's and VCSE's is a powerful means to support the local economy. We aim to promote opportunities for local suppliers and that applying to do business with us is as streamlined as possible.

- **Sustainability and Equalities in Procurement**

Sustainability matters in procurement activity ensures that we consider the impact of environmental, economic and social factors of procurement decisions along with price and quality.

The Council's Equality, Diversity, Inclusion and Equity Objectives promote a positive approach to equality and diversity in our procurement processes.

- **Partnership Working**

We will work closer with partners and other organisations to optimise service delivery, stimulate economic growth and work towards carbon neutrality and tackle health and other inequalities.

### **Procurement Aim 3**

**Ensure a consistent approach to procurement and contract management.**

- **Developing Capacity**

This Procurement Strategy cannot be achieved unless the Council has the right people in place with the right skills to deliver it. The required capacity and skills will continue to be developed in service areas with support and guidance from the Policy and Governance Team.

- **Systems and Processes**

Our procurement and contract management activity is governed by legislation, contract and procurement procedure rules and financial regulations, this is supported by detailed guidance and processes for officers on the Hub. The purpose of the systems and processes is to provide a consistent, standardised and compliant approach to all our procurement activity.

- **Contract Management**

Through the Council's Contract Management Framework we will manage the Council's exposure to commercial, contractual and reputational risk through better Contract Management during the lifecycle of the contract and embed this as part of routine activity.

#### **Procurement Aim 4**

**Maintain, strengthen, and develop strong relationships with suppliers.**

- **Supplier Relationship Management**

By establishing strong relationships with key suppliers we will ensure that both parties are delivering against the commitments within the contract and build upon mutual experience and knowledge to embed continuous improvement practices throughout the contracted period.

- **Risk and Fraud Management**

Risk Management is an integral part of a procurement process and must be considered at the planning stage of any procurement process.

Procurement fraud can happen throughout the whole procurement and contract management cycle; the approach to procurement fraud will be improved by raising awareness for all members and officers.

3.3 The Strategic Road Map attached at Appendix A of the Procurement Strategy sets out how we will deliver the Procurement Aims of the Council whilst reflecting the NPS themes over the term of the new strategy.

3.4 The Annual Procurement Action Plan sets out what we will deliver over 23/24 and 24/25 and progress on this action plan will be reported to this committee annually. A suite of performance indicators and measures have been established to ensure progress against the annual procurement action plan is carefully monitored.

#### **Social Value Update**

3.5 Since the last annual update to Strategy & Resources in November 2022, seven tenders more than £75,000 have gone through the portal.

3.6 The SVP Calculator estimates measures which provide Local Economic Value (LEV) and social value. LEV is defined as the monetised value of local jobs and local spend resulting in additional economic value locally. LEV works under the assumption that jobs and money spent are being diverted from other areas, therefore this value is only displaced rather than created. In contrast, social value is defined as the monetised value of additional benefits created for communities and society directly.

3.7 In total, the seven tenders that have gone through the portal have committed to £3.29million in LEV and £121,771 in social value. This is 42.37% of the total contract values committed in social and local economic value.

3.8 Once each tender has closed, the supplier is required to submit information and evidence against their social value commitments. This data and evidence are reviewed and validated by the SVP, meaning validated social value is often not available until a few months after the contract has ended. As a result, there is no validated data available for 2022/23 for the

purposes of this report. However, as soon as validated data becomes available this will be reported to members for information.

- 3.9 During Summer 2023, the Council joined the South West Social Value Taskforce. This Taskforce is made up of other local authorities and public sector bodies from across the South West of England. The Taskforce facilitates the sharing of knowledge and lessons learned and provides a forum to learn about various ways social value is being monitored and measured, above and beyond the SVP and procurement.

## **4. Conclusion**

- 4.1 The importance of having a clear direction in the new Procurement Strategy for the Council's procurement activity, by setting out clear actions, having a standardised approach and methods of measuring procurement performance will enable the council to demonstrate that it is achieving value for money with social, economic and environmental benefits for the residents and businesses in the district.

## **5. Implications**

### **5.1 Financial Implications**

There are no direct financial implications from the new Procurement Strategy. Effective procurement is a vital part of the Council's effective governance and delivery of Value for Money.

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### **5.2 Legal Implications**

The legislative framework that applies to procurement by local authorities is set out in Appendix 1. The Procurement Act 2023 will necessitate changes to the Council's Contract and Procurement Procedure Rules and how we carry out above threshold procurements. One Legal will work with the Senior Policy and Governance Officer to implement the new regime and provide training.

The legislative requirements relating to social value are set out in paragraph 1.6 of this report.

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### **5.3 Equality Implications**

There are not any specific changes to service delivery proposed within this decision.

### **5.4 Environmental Implications**

There are no significant implications within this category. Environment and sustainability considerations form part of the Council's procurement and contract management processes.

The use of the Social Value Portal in procurement and contract management activity enables the Council to measure the amount of Social Value across the district through the Themes, Outcomes and Measures selected by the successful supplier.