

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE
THURSDAY, 24 NOVEMBER 2022

Report Title	Annual Corporate Procurement and Contract Management Update			
Purpose of Report	To update the Committee on procurement and contract management activity across the Council in line with the aims of the Council's Procurement Strategy and Contract Management Framework.			
Decision(s)	The Committee RESOLVES to: (a) NOTE the review of the Council's Procurement Strategy in line with the refreshed National Procurement Strategy and report back to this committee on 20 April 2023. (b) APPROVE the campaign to promote the 'Buy It Local' for influenceable spend.			
Consultation and Feedback	Quarterly dashboard of information to SLT and LMT			
Report Author	Sarah Turner, Senior Policy and Governance Officer Tel: 01453 754346 Email: sarah.turner@stroud.gov.uk			
Options	None			
Background Papers	National Procurement Strategy 2022 link here Transforming Public Procurement link here			
Appendices	Appendix A – Procurement Strategy Appendix B – Equality, Diversity and Inclusion Working Group Action Plan 2022/23			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	Yes

1. BACKGROUND

- 1.1 Members of the Strategy and Resources Committee have received updates on procurement activity across the Council that support the aims of the Council's Procurement Strategy and Contract Management Framework. The Strategy was adopted by Council in 2019, the actions plan in the strategy reflects the National Procurement Strategy recommendations as detailed below; and also includes our Social Value Policy and Modern Slavery Charter.
- 1.2 There are two actions in the Council Plan which directly relate to our Procurement Strategy and Contract Management Framework these are detailed below along with the Q2 updates:

CW5.2 Adopt effective and transparent policies to reduce inequalities that result from socio-economic disadvantage in line with Section 1 of the Equality Act, the socio-economic duty, as an effective framework for tackling local poverty and economic inequality.

Report going to S&R committee in November to adopt Social Value Portal Themes Outcomes and Measures for the Council. These relate to the Council Plan and will be used in procurement over £75,000, see paragraph 2.9 below.

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.

Annual spend analysis for 2021/22 completed and will be reported to S&R committee in November with proposals on how to increase local spend, see paragraph 2.10 below.

- 1.3 The Strategy defines our vision to 'demonstrate 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'.
- 1.4 The purpose of the strategy, at Appendix A, is to ensure that the Council's procurement activities are undertaken to a high standard, efficiently and effectively to achieve best value, and to support social, economic and environmental benefits. The strategy has 3 procurement aims as follows: Showing Leadership, Behaving Commercially and Achieving Community Benefits
- 1.5 A comprehensive procurement and contract management framework is provided on the staff Hub providing guidance and templates for officers.
- 1.6 This update also provides information on any changes to legislation and details of any changes to the current procurement and contract management framework and corporate guidance.

2. MAIN POINTS

2.1 National Procurement Strategy (NPS)

The National Procurement Strategy for Local Government in England has been refreshed and was published in August 2022, please see the link here for further details [NPS 2022](#)

The themes of the strategy have remained the same, however the NPS toolkit has also been refreshed and is a self-assessment tool for the Council to use as a maturity assessment of the Council's procurement activity, set goals and assess progress.

It is proposed that the Policy & Governance Team update the Council's Procurement Strategy in line with the NPS and use the NPS to assess the Council's maturity. The revised strategy and assessment will be brought back to this committee for approval 20 April 2023.

2.2 Transforming Public Procurement

As reported to this committee last year the government are reviewing the public contract regulations following Brexit, details of the process and aims can be found [here](#)

To summarise the aims are to speed up and simplify procurement processes, the new regulations will state the principles of public procurement: value for money, the public good, transparency, integrity, efficiency, fair treatment of suppliers and non-discrimination. When the new regulations are approved in 2023, members will be provided with a summary and the revised Procurement Strategy will reflect these new regulations too.

2.3 Contract and Procurement Procedure Rules (CPPRs)

Council at its meeting in October 2022 approved the revised CPPRs; these had been jointly reviewed by the Constitution Working Group, colleagues at One Legal and the Policy & Governance Team. The changes provided clarity on roles, provided additional information about types of procurement, amended financial thresholds to incorporate VAT and published procurement definitions.

Bearing in mind the proposed changes to Public Contract the CPPRs will need to be amended to reflect the new legislation.

2.4 Social Value Portal (SVP)

In November 2021, the Social Value Portal was implemented at the Council to enable us to measure and manage the contribution the Council, and its supply chain, make to the district in terms of benefits to the community through its procurement activity.

Social value will be measured using the SDC agreed themes, outcomes, and measures (TOMs) on all contracts with a value of more than £75,000.

2.5 Hub and website refresh

The Policy and Governance Team will be reviewing and refreshing the guidance and templates on both the Hub and Website for officers and suppliers bearing in the mind the previous paragraphs where amendments to documentation and guidance is being undertaken, this will be completed by 31 January 2023.

The intention is to make it more user-friendly and easier to find information relating to the value of the contract.

2.6 Procurement and Contract Management Training

The Policy and Governance Team continue to provide mandatory induction training for all new staff on procurement and contract management; we have agreed with Finance colleagues that staff will not be provided with access to Unit4, the council's financial management system or the SW procurement portal until this training has been given.

The Contract Management Framework was adopted in January 2022 and the Policy and Governance Team have provided training at service managers meetings for Property Services, ICT, Housing Advice, Environmental Health, Housing, Museum, Planning and Contract Services, and are continuing to provide training to other service areas to embed this across the authority.

2.7 Strategic Leadership Team (SLT) and Leadership and Management Team (LMT) Dashboards

The Policy & Governance Team produce quarterly dashboards for SLT and LMT which includes the following information:

- Procurement and contract information
- Policies and Strategies
- Performance management in relation to the Council Plan
- Risk Registers
- iGov update
- Policies and Strategies register

In relation to procurement and contract information this includes procurement plan forms, spend by cost centre, any exemptions from CPPRs, contracts awarded over the previous quarter, it also identifies any non-compliance with procedure rules. It also includes any contracts due for renewal in the next 12 months to enable sufficient options appraisal and planning. Any non-compliance that is not remedied is subsequently reported to the Strategic Leadership Team on the next quarter SLT reports.

2.8 Second Line of Defence – Contract Management

As part of an audit report produced by ARA, one of the recommendations is for the Policy and Governance Team to undertake second line of defence reviews of contracts awarded in the previous quarter. It has been agreed with the Strategic Director of Resources that this will include all contracts awarded over a contract value of £75,000 and a minimum of 3 contracts awarded under £75,000 to check that our procedures have been followed correctly.

The initial process of 2nd line of defence is being undertaken on contracts awarded during quarter 2, 2022/23, and will be reported through the managers dashboard. Any learning from this initial process will be included in subsequent quarter contract award reviews.

A checklist has been created that and the contract manager will be asked to confirm that the following items on the checklist have been completed:

- Contract details added to the Contract Register
- Published on Contracts Finder and Find a Tender
- Signed copy of the contract emailed to the Policy and Governance Team
- Contract management form completed and emailed to the Policy and Governance Team
- Retention policy complied with
- Social Value TOMs identified and monitored

Where there are any gaps the Policy and Governance Team will ask the contract manager to rectify, and to confirm with them, with appropriate evidence that this has been completed, within a set timeframe of 2 weeks.

Where the checklist has not been complied with, nor rectified by the contract manager this will reported to the Head of Service / manager through their quarterly dashboard any non-compliance and request that this is rectified, within a set timeframe. We will also ask for

confirmation and evidence that this has been done. If in the subsequent quarter, we have not received an adequate response from the Head of Service / manager this will be escalated to SLT through their dashboard.

2.9 Equality, Diversity, and Inclusion Working Group action plan

The 22/23 action plan of the Equality, Diversity and Inclusion (EDI) working group has items in the action plan that relate to the Council's procurement activity and the Council Plan, please see Appendix B, section 2 – Leadership and Organisation Commitment. The actions relate to the use of the Social Value Portal and monitoring the diversity of suppliers employees, which is currently being developed.

The actions and milestones are shown below, as stated the actions relation to the implementation more widely of social value measurement in our contracts by the supplier selecting the Themes, Outcome and Measure that relate to the subject matter of the contract and then this social value being measured and monitored on a regular basis.

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.

- Annual report will be reported to members.

EQ2.2.1 When deciding which suppliers are awarded a contract, ask suppliers to evidence diversity monitoring of employees and EDI action plans.

EQ2.2.2 Monitor the diversity of our suppliers by at least two categories of diversity.

- Both milestones above are being developed through review of procurement guidance on the staff hub and website and by the implementation of the SV portal.

2.10 Annual Spend Analysis

The Policy and Governance Team produce a spend analysis each year based on the creditor payments of the previous financial year. The Council has agreed the definition of a local supplier is any supplier who has a 'GL' postcode.

The 2021/22 spend analysis information is as follows, financial figures have been rounded up, the figures in brackets show the 2020/21 figures for comparison:

Total spend (all invoices)	£37m	(£29m)
Total spend on local invoices (GL postcode)	£11m*	(12m)
Total spend on other invoices (not GL)	£26m	(£17m)
Total number of invoices	9496	(9220)
Total number of suppliers	1090	(1209)
GL suppliers	476	(647)
Non GL suppliers	614	(562)

There has been an increase in our expenditure this is mainly due to the inflation increase, there has been a reduction in our local spend which is disappointing from 40% to 32%.

To help increase our local spend the Policy and Governance Team are planning to promote a campaign of 'Buy it Local' across the authority on our influenceable spend (this is budget that is not allocated to a particular contract) where we can procure from any supplier following our CPPRs.

As far as possible we have set up our procedures to encourage support for local suppliers. Under our CPPRs for quotes under £25,000, we must obtain value for money by obtaining a minimum of 3 quotes. We have also set up our e-procurement portal, Supplying the Southwest, for up to 8 suppliers, 3 are the buyers choice, and we will encourage these to be local suppliers, 3 must have a GL postcode and 2 can be from any supplier in the UK.

Under Public Contract Regulations 2015 all quotes over £25,000 which are advertised must be published on the government's Contracts Finder website and are open to any supplier in the UK and therefore, the campaign will only be for procurements under £25,000.

3. Aims for 2022/23

- To increase local spending and to ensure that Council procurement brings economic, social, and environmental benefits; we will be reviewing how we further can embed social value into our procurement processes. In particular, the need for climate and ecologically minded business practices must be included, as set out in the Council's 2030 Strategy.
- Continue to work on the EDI actions.
- We intend to carry out a more in-depth review of our suppliers and to identify our key suppliers, local and SMEs.
- Review and provide corporate training needs relating to procurement and contract management as identified by managers.
- Continue to produce quarterly SLT and manager's dashboard relating to spend and procurement activity, identifying any non-compliance.
- Implement any changes to procedures as a result of revised public contract regulations and the renewed NPS and provide appropriate training relating to this.

4. IMPLICATIONS

4.1 Financial Implications

There are no significant financial implications. All procurement activity should be in line with agreed budgets.

Actions taken to ensure compliance with procurement regulations reduce the risk of loss to the authority.

Andrew Cummings, Strategic Director of Resources
Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

The report above sets out legal implications in paragraph 2.10

One Legal

Email: legalservices@onelegal.org.uk

4.3 Equality Implications

Equality issues have been addressed in the body of this report in paragraph 2.9.

4.4 Environmental Implications

The report above sets out environmental implications in paragraphs 2.4.