



INFORMATION DIGEST DOCUMENT PACK

Date: Tuesday, 29 June 2021

PART 1

1. Development of the Joint Procurement Strategy (**Pages 3 - 24**)

MARK TRILLO
EXECUTIVE DIRECTOR AND MONITORING OFFICER

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Information Digest



To: Resources Overview & Scrutiny Committee

Date: 28th June 2021

***Development of the Joint Procurement Strategy 2021
- 2025***

**Councillor Tony Hall
Portfolio Holder for Customer Services**

**Keith Pointon
Head of Finance & Procurement**

1. Reason for the Report

- 1.1 The purpose of the report is to set out the plans and obtain feedback from Members on the development of the Joint Procurement Strategy (for both Staffordshire Moorlands D.C. and High Peak B.C.) – to be formally presented later in 2021.

2. Recommendation

- 2.1 That the contents of the report be kindly noted and we encourage Members to submit comments and feedback via webform, using the link below:
<https://myforms.staffsmoorlands.gov.uk/JOINTPROCUREMENTSTRATEGY/launch>

3. Executive Summary

- 3.1 The current version of the Procurement Strategy was approved in April 2014. At that point, Northgate Public Sector were providing procurement project management support and expertise, prior to the formal establishment of the central Procurement team following the service review process. A further report was presented in January 2016 which detailed progress against the Strategy at that point.
- 3.2 The purpose of this document is to appraise and consult with Members in the scoping and development of the revised Joint Procurement Strategy for 2021 - 2025. Members are requested to engage in establishing the foundations for the effective delivery of procurement and to lead the way on Responsible and Ethical Sourcing practices.
- 3.3 Further work as set out in the report will take place between now and when the formal Procurement Strategy is presented later in 2021, and feedback from stakeholders will be taken into account.

4. How this report links to Corporate Priorities

- 4.1 The strategy contributes to the Corporate Plan 2019-23 aim 'to use resources effectively and provide value for money' and the specific objective under this aim to 'develop a new Procurement Strategy with a focus on spending money locally'.

CLAIRE HAZELDENE
Acting Executive Director

Web Links and Background Papers

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5. Introduction

- 5.1 Procurement is the process by which the Council obtains goods, services and works. Procurement is more than just purchasing, the process covers a full lifecycle of activities starting with the identification of needs, through to evaluation, purchasing and contract management. Procurement can range from the day to day purchasing of commodities to purchasing key strategic items (such as large capital assets), commissioning a service or buying an entire service. Goods and services can be provided by internal or external providers and there are a number of different models for provision of services.
- 5.2 The Councils' current Procurement Strategy sets out the vision and strategic aims which direct and govern our procurement activities. It outlines the policies, toolkits and processes that we use to deliver the Strategy. The existing strategy has now expired and requires a revision to focus on future direction and travel with an emphasis on our key priorities for the next four years.
- 5.3 Procurement has the opportunity to influence all functions within organisations and throughout supply chains to deliver innovative products and services that meet the evolving needs of consumers and society.
- 5.4 The focus for the next four years will be to continue to drive value for money and achieve financial savings, but to also consider environmental, social and ethical responsibilities to drive procurement in a sustainable way and effectively work with local suppliers to enhance the local economy.
- 5.5 Both Councils declared a Climate Emergency during 2019. Consequently, a proactive approach to procurement needs to be considered, looking beyond short-term needs and considering the longer term impacts of each purchase.
- 5.6 The Councils recognise that the Joint Procurement Strategy should - in addition to the pursuit of value for money, compliancy and transparency – further focus on environmental, social and ethical responsibilities and engagement of local suppliers to enhance the local economy and embed commercial focus throughout our organisations.
- 5.7 The Councils' Procurement Strategy will look to set clear objectives to meet future challenges and deliver services to our communities and to create a responsible framework in which to achieve the key objectives as outlined in the Corporate Plans 2019-2023 for each Authority.
- 5.8 The key priorities for the 2021 – 2025 Joint Procurement Strategy are:
- Delivering Value for Money;
 - Commercial focus and effective Contract Management;
 - Maintaining Transparency and Ethical practices through effective leadership;
 - Promoting Responsible and Sustainable Procurement;
 - Supporting the Local Economy and Business Growth;
 - Delivering Social Value (CSR) through our Contracts.

6. Progress against current Procurement Strategy

6.1 Significant progress has been made since the current Strategy was approved in April 2014. This section sets out some of the achievements and also identifies some actions which remain ongoing.

Existing Strategy Actions

6.2 A report was presented to Cabinet in January 2016 which provided an update on progress with the implementation of the Procurement Strategy. This included detail of the progress made against specific actions which were set out in the Strategy. This has been refreshed to reflect the progress and achievements made to date:-

| Agreed Action | Progress | Status | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------------------------|------------------|------------------|-------------|-----------|---------------------|---|---------|-----------|------------------|----------------------------|--------|---------|---|----------------|--------------|---------------|----------------|------------------|------------------|-----------------|
| <p>Delivery of cashable efficiency savings to support the Efficiency & Rationalisation Strategy by tendering, retendering and renegotiating of contracts</p> | <p>The table below represents savings that have been generated from major procurements (one of the five Efficiency & Rationalisation Programme headings), retendered contracts and the reduction in overall annual revenue spend as a result of procurement scrutiny and increase in on-contract spend for the last 3 years (Alliance wide):-</p> <table border="1" data-bbox="363 913 1257 1066"> <thead> <tr> <th>Procurement Savings</th> <th>2017/18 (£)</th> <th>2018/19 (£)</th> <th>2019/20 (£)</th> <th>TOTAL (£)</th> </tr> </thead> <tbody> <tr> <td>Major Procurements*</td> <td>-</td> <td>286,820</td> <td>1,298,830</td> <td>1,585,650</td> </tr> <tr> <td>Other Procurement Activity</td> <td>40,450</td> <td>363,160</td> <td>-</td> <td>403,610</td> </tr> <tr> <td>TOTAL</td> <td>40,450</td> <td>649,980</td> <td>1,298,830</td> <td>1,989,260</td> </tr> </tbody> </table> <p><i>*major procurements include the AES arrangement, Leisure Centre contract renegotiation and insurance retender</i></p> | Procurement Savings | 2017/18 (£) | 2018/19 (£) | 2019/20 (£) | TOTAL (£) | Major Procurements* | - | 286,820 | 1,298,830 | 1,585,650 | Other Procurement Activity | 40,450 | 363,160 | - | 403,610 | TOTAL | 40,450 | 649,980 | 1,298,830 | 1,989,260 | <p>On going</p> |
| Procurement Savings | 2017/18 (£) | 2018/19 (£) | 2019/20 (£) | TOTAL (£) | | | | | | | | | | | | | | | | | | |
| Major Procurements* | - | 286,820 | 1,298,830 | 1,585,650 | | | | | | | | | | | | | | | | | | |
| Other Procurement Activity | 40,450 | 363,160 | - | 403,610 | | | | | | | | | | | | | | | | | | |
| TOTAL | 40,450 | 649,980 | 1,298,830 | 1,989,260 | | | | | | | | | | | | | | | | | | |
| <p>Development and embedding a professional procurement unit of excellence to deliver ongoing efficiency savings for the Councils</p> | <p>An internal Procurement staffing structure has been operational for five years now following completion of the service review process.</p> <p>The team currently encompasses the 'Purchase to Pay' process within one unit. The close relationship between the Accounts Payable function and Procurement enables effective processing of supplier payments, monitoring and control of the purchase to pay process – achieving greater advantages for expertise, aggregation and enhanced compliance.</p> <p>It has been agreed to move the Procurement function to Commissioning within the Executive Director & Monitoring Officer Directorate – recognising the links in terms of the major strategic contracts managed as well as the legal aspect of procurement. A strong link will however be maintained with Finance.</p> <p>A 'business partnering' approach to Procurement has been implemented, with the Lead Procurement Officer and Procurement Officer assigned to services to support the delivery of the procurement function. This feeds into the annual Procurement Forward Plan – which is developed through monitoring of recurring contract information and supporting services in developing detailed plans and initiatives which are linked with individual service planning activities. As a result, there is now a structured approach to planning procurement activity delivery.</p> <p>In addition, the Lead Procurement Officer has recently successfully completed CIPS (The Chartered Institute of Procurement & Supply) and has achieved the final level professional diploma and is now accredited to the MCIPS Chartered Institute.</p> | <p>Achieved and Implemented</p> | | | | | | | | | | | | | | | | | | | | |

| | The Authorities are benefiting from the enhanced knowledge and expertise recognised in the profession as a 'global professional standard' and will continue to benefit from the continued access to resources that CIPS membership facilitates. | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------------------------------------|-------|-------|-------|-------|--------------------------|-----|-----|-----|-----|--------------------------|-----|-----|-----|-----|---------------------------------|-----|-----|-----|-----|---------------------|
| Revising Financial and Procurement Procedure Rules to support transparency, timeliness of contract award and greater control. | <p>The Councils' Procurement Procedure Rules (PPRs) have been revised and were presented for approval in 2017. The revision took account of service changes and an increased use of technology. The opportunity was also taken to review and amend sourcing/authority thresholds, applying variations/extensions and performance bonds.</p> <p>The revised PPRs also introduced the 'Procurement Forward Plan' – to be presented for approval annually alongside the Budget. This identifies all registered procurement activity to be completed in the following financial year and approval is sought to commence procurement of all activity listed. Performance and activity (including confirmation of award) against the forward plan is then monitored and reported within the Quarterly Procurement Report to Committee.</p> <p>The Council measures the amount of procurement activity on the forward plan and aims to increase this annually to ensure services are effective at forward planning procurement activity in line with service plan objectives. As part of the business partnering role, Officers continually challenge and review external spend with service leads and undertake quarterly review meetings.</p> | Achieved and Implemented | | | | | | | | | | | | | | | | | | | | |
| Expanding the usage of electronic procurement systems for works as appropriate | <p>The procurement service has successfully implemented efficient ways of working to implement a functional e-commerce approach to its sourcing activities, positioning the Council in a strong approach to delivering best value, robust and compliant public sector buying principles and practices. Advanced opportunities will continue to be explored to make further improvements to processes as technology progresses.</p> <p>Examples of innovative ways of working:</p> <ul style="list-style-type: none"> • Councils' Intranet Procurement web-form portal for management of work items; • E-sourcing web based platform enabling paperless environment; • Social Media i.e. Twitter / Facebook for all activity over £5,000. | Implemented and ongoing improvement | | | | | | | | | | | | | | | | | | | | |
| Increasing the levels of spend covered by contract | <p>Introduced 'on-contract' performance indicator, which is a measurable target for 'on contract spend' and 'planned procurement activity'</p> <table border="1"> <thead> <tr> <th>Performance Indicator</th> <th>16/17</th> <th>17/18</th> <th>18/19</th> <th>19/20</th> </tr> </thead> <tbody> <tr> <td>% On Contract Spend [HP]</td> <td>67%</td> <td>73%</td> <td>83%</td> <td>83%</td> </tr> <tr> <td>% On Contract Spend [SM]</td> <td>67%</td> <td>79%</td> <td>87%</td> <td>84%</td> </tr> <tr> <td>% Forward Plan Activity [JOINT]</td> <td>55%</td> <td>71%</td> <td>64%</td> <td>63%</td> </tr> </tbody> </table> | Performance Indicator | 16/17 | 17/18 | 18/19 | 19/20 | % On Contract Spend [HP] | 67% | 73% | 83% | 83% | % On Contract Spend [SM] | 67% | 79% | 87% | 84% | % Forward Plan Activity [JOINT] | 55% | 71% | 64% | 63% | Ongoing Improvement |
| Performance Indicator | 16/17 | 17/18 | 18/19 | 19/20 | | | | | | | | | | | | | | | | | | |
| % On Contract Spend [HP] | 67% | 73% | 83% | 83% | | | | | | | | | | | | | | | | | | |
| % On Contract Spend [SM] | 67% | 79% | 87% | 84% | | | | | | | | | | | | | | | | | | |
| % Forward Plan Activity [JOINT] | 55% | 71% | 64% | 63% | | | | | | | | | | | | | | | | | | |
| Implementation of electronic tendering | <p>Electronic tendering portal used to facilitate all procurement exercises above £5,000.</p> <p>The introduction of the e-tendering platform has resulted in many benefits, including better value, greater transparency and reduced administration, not only for the Council but for the supplier also.</p> <p>Some of the benefits of implementing fully electronic working systems:</p> <ul style="list-style-type: none"> • Efficiencies, reduction in administrative processes; • Enabling remote working; • Reduction of impact on the environment; | Achieved and Implemented | | | | | | | | | | | | | | | | | | | | |

| | | |
|---|--|--|
| | <ul style="list-style-type: none"> • Contact data and performance management of Contracted Suppliers; • Compliance to Regulations; • Increased transparency through wider advertising at lower values of spend. | |
| <p>Supporting the local economy by increasing the number of procurement opportunities advertised and adoption of a local business concordat</p> | <p>The Council has a high priority to ensure local, micro, small to medium business can actively engage with services to do business through Procurement opportunities.</p> <p>Over the last couple of years, the Council has increased its support network to local businesses and actively encouraged them to bid for work, whilst continuingly looking to improve procurement processes, streamline procedures and make more opportunities available to business in the immediate geographical area.</p> <p>The procurement unit have implemented several initiatives and practices to support business in the local areas, examples include:</p> <ul style="list-style-type: none"> • Ensure Contacts are split down into smaller schemes which give opportunity to smaller businesses to compete on a commercial basis against bigger national companies; • Establish multi contractor frameworks to engage as many local contractors into wider contract arrangements which supports a network of businesses rather than one main contractor; • Lower values made publicly available e.g. anything over £2k where feasible and anything over £5k is published as an open request for quote which anyone can bid for (not just a select list); • Meet the buyer events delivered in conjunction with Chamber of Commerce/ other Local Authorities; • Consideration and inclusion of Social Value criteria when awarding contracts; • Free of charge onsite and offsite technical support and guidance from the Councils' Procurement team to assist and coach businesses in the bid preparation and application process. This has proved extremely valuable to businesses that are new to submitting electronic tenders and quotations - feedback has been very positive. <p>Working closely with the Council's Regeneration team, regional Chamber of Commerce and colleagues in neighbouring authorities, it has enabled the authorities to build and strengthen commitments to support local area businesses to do business with the Council.</p> <p>A 'local support package' is emerging and progressing to help local businesses contract with the Councils.</p> <p>In terms of how businesses can tender for Contracts with the Council, opportunities are advertised on the following tendering and advertising portals:</p> <p>Electronic Tendering Portal</p> <p>This is the secure tendering portal which the Council uses to facilitate the tendering and quotation process for above £5k contracts / jobs (manual hard copy tenders no longer accepted).</p> <p>Suppliers can register on the portal, the system administrators will need to set up the user and will send through logon details etc (usually take a couple of days). Suppliers can profile their base information as well as building their profile by populating text fields and uploading key documents like H&S policies, Insurances etc.</p> | <p>Implemented and ongoing improvement</p> |

| | | |
|-----------------------|---|-------------------------------------|
| | <p>This then means that their profile is already completed so when a tender opportunity is available they don't have to start from scratch each time. This is a widely recognised portal which is used across the Public Sector for a consistent platform.</p> <p>Advertising Websites These sites are used to advertise the opportunity listing – anything over £5k would be openly advertised, both authorities' opportunities are advertised on all sites.</p> <p>SMDC / HPBC Website; Tenders and contracts page – this lists the opportunity with a link to the Council's e-tendering portal.</p> <p>National Government Contracts Finder; This is a requirement of Public Contract Regulations and Transparency Code 2014 that Councils advertise and publish awards over £5k on this portal. Suppliers can register to receive notifications.</p> <p>Source Derbyshire East Midlands Portal; http://www.sourcederbyshire.co.uk Suppliers can register on here and receive notifications of new opportunities which match their Category descriptions e.g. Construction, Plumbing, Heating, Joinery etc (the more categories chosen the wider the capture) – this portal is widely used across Derbyshire and the East Midlands but is also available for any businesses located outside of that area who register on the portal.</p> <p>Supply Stoke on Trent and Staffordshire; https://supplystokeandstaffs.proactishosting.com This is the landing platform for the Council's e-tendering portal, which was developed through collaborative partnership networks with Stoke on Trent City Council and neighbouring Staffordshire Local Authorities. Businesses register on Pro-Contract and they receive notifications dependable on their category listings.</p> <p>Social Media Notifications</p> <ul style="list-style-type: none"> ○ Facebook ○ Twitter ○ Regeneration's regular Business newsletter <p>Measuring Performance As part of the Performance framework, targets specifically measuring local business engagement have been agreed and baselines will be established during 2021/2022:</p> <ul style="list-style-type: none"> • % of contracts awarded to local suppliers following submission of expression of interest (over £5,000) – contextual (a target could be viewed as a non-compliant incentive to award more contracts locally); • Supplier (Creditor) spend within the local area as a % of total spend; • Number of local business training/supplier engagement events facilitated (joint target with Regeneration). | |
| Climate Change Agenda | To date, the Councils have been proactive in ensuring that suppliers meet environmental standards and legislation as part of the qualification validation, to ensure that the organisations are not exposed to risk of non-compliance or breach of Environmental Legislation for management | Implemented and ongoing improvement |

of waste and any activity that may have a negative environmental impact.

As standard protocol, all open issued contract opportunities above £5,000 have the following pass / fail criteria questions as part of the qualification selection process:

| Environmental | |
|---|--|
| Does your organisation have an Environmental Policy? | If yes, please attach a copy of the policy. |
| Does your organisation operate an Environmental Management system certified to an International or European standard (e.g. ISO 14001)? | If no, do you operate an equivalent environmental management system based on the principles of ISO 14001? Please attach a copy of your equivalent environmental management system |
| Has your organisation been convicted of breaching environment legislation, or had any notice served upon it, in the last three years by any environmental regulator or authority (including a local authority)? | If yes, please provide details of the prosecutions or notice(s) served and give details of any remedial action_or changes to procedures you have made as a result of any breach or notice(s) served. |

The Councils implemented an electronic procurement platform in 2015, all processes are automated and there is no longer a requirement for hard copy tenders or bids to be submitted. Implementing a fully electronic sourcing platform to facilitate procurement processes has resulted in valued business efficiencies and is a direct win in terms of reduced carbon footprint, costs and improved efficiency by reducing paper based processes with streamlined electronic ones for both buyer and suppliers.

Print rationalisation projects delivered over the last 3 years have resulted in a reduction of onsite printing and post distribution from Council sites. The Hybrid mail project has enabled the Councils to ensure letter communication to the customer is produced in the most efficient, cost effective and environmentally friendly process. The web-based system allows users to generate an electronic mail image from their desktop, send to print at an off-site data capture and print hub, the items then enter downstream mail channels to end with doorstep delivery.

The data capture / print hub operates its facility using energy efficient print production units and products all compliant to BS EN ISO 14001: 2004 standards. The Hybrid Mail process has resulted in the Councils being able to replace the old obsolete print units in house and replace with a reduced number of new energy efficient print units.

The current Energy Supply (Electricity and Gas) for Council Assets is procured through a national framework ESPO (Eastern Shires Purchasing organisation). The purchase of the supply is made through Total Gas and Power (TG&P) who are the current contracted supplier to the Councils. Electricity supplied by Total Gas & Power has been sourced from a number of different fuels. These ratios and are shown on the following 'fuel mix' table – with 47% sourced via renewable energy:

| Electricity supplied by Total Gas & Power has been sourced from the following fuels | Percentage of electricity supplied by Total Gas & Power | Average for the UK (for comparison) |
|---|---|-------------------------------------|
| Coal | 10% | 7.6% |
| Natural Gas | 31% | 41.2% |
| Nuclear | 9% | 20% |
| Renewable | 47% | 29% |
| Other | 3% | 2.2% |

Procurement Activity

6.3 In the last four years, **660** 'procurements' have been supported and completed by the Councils' Procurement team:

| Authority | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------|------------|------------|------------|------------|
| HPBC | 105 | 96 | 92 | 70 |
| SMDC | 60 | 51 | 34 | 18 |
| JOINT | 46 | 34 | 30 | 24 |
| TOTAL | 211 | 181 | 156 | 112 |

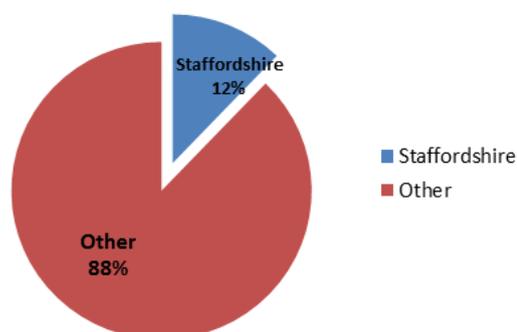
6.4 The table below details the Councils' Supply Chain spend in the last three years:

| Authority | 2017/18* [£] | 2018/19* [£] | 2019/20* [£] |
|-----------|-----------------|-----------------|-----------------|
| HPBC | 18,977,415 | 19,868,373 | 20,468,722 |
| SMDC | 10,251,375 | 10,717,316 | 11,651,730 |

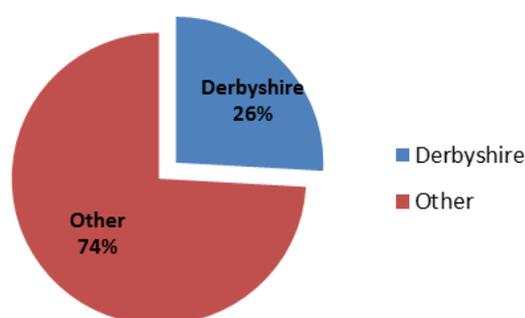
*Includes AES payments

6.5 The charts below detail the percentage of total expenditure within the 'local' Staffordshire / Derbyshire Supply Chain in 2019/20:

SMDC 19/20 Spend Profile



HPBC 19/20 Spend Profile



6.6 Spend profiles are taken from registered addresses of companies in the Councils' supply chain, this does not reflect at this time any operations that are registered outside our areas but have direct supply sources within our local areas. The Procurement Unit are working on existing and new data to enable more detailed analytics to pinpoint supplier profiles.

- 6.7 It is noted that the % difference in the above tables differ and that the % of local business spend for Staffordshire Moorlands is lower than High Peak. The category spend profiles for both Authorities does give some explanation to this, for example at High Peak significant spend through the HRA for Housing Stock increases the amount of money spent with local builders merchants for supplies, local sub-contracting and capital construction projects. Whereas in Staffordshire Moorlands, category spend in construction and building materials are lower and this is reflected in the supplier profiles for both.
- 6.8 Further work will take place to establish a benchmark against which to start to measure and establish achievable targets for local economy spend.

Strategic Procurements

- 6.9 A number of the procurement exercises delivered and supported by the Councils' Procurement team have been significant, strategic and specifically contributed to the Efficiency & Rationalisation Programme. For example:-

Alliance Environmental Services Joint Venture Company with ANSA

Staffordshire Moorlands District Council and High Peak Borough Council agreed to establish a joint venture partnership with Ansa - a subsidiary of Cheshire East Council - to deliver waste collection, street cleaning, grounds maintenance and fleet management services. This project forms part of the Efficiency and Rationalisation Programme and savings of over £1.2m (Alliance wide) are expected as a result of the new arrangements.

The arrangements have taken place in a phased approach with phase one having taken place in August 2017 which focused on the transfer of the outsourced High Peak B.C. waste service to the joint venture company – Alliance Environmental Services.

The second phase, took place in July 2018, which involved the transfer of the Staffordshire Moorlands D.C. Waste Service and both High Peak B.C. and Staffordshire Moorlands D.C. fleet arrangements. This was followed by the third phase in April 2020 with the transfer of the Streets Scene and Parks services.

As part of the fleet arrangements, SMDC and HPBC are responsible for purchasing fleet, with AES responsible for operating and maintaining. This arrangement delivers significant savings as a result of the Councils financing the purchases. While ANSA/AES will be responsible for the procurement of the fleet, the Councils – as purchasers - need to ensure sufficient due diligence is undertaken to ensure compliancy and value for money is achieved. The Councils' procurement team is working closely with AES to draft a Fleet Strategy which will include an agreed process for procurement.

Leisure Centre Operation and Management

The Leisure contracts for High Peak Borough Council and Staffordshire Moorlands District Council were due for renewal in 2018/19. Both Councils' future strategic positioning and delivery of leisure facilities to the local communities were not formulated for the renewal dates of the existing contracts. Taking into account the Corporate Plan objectives, the Councils procured a new operator through open competition at High Peak and renegotiated the current contract at Staffordshire Moorlands both for a five year term which will facilitate a fundamental review of the strategic plan for Leisure and Asset Management / investment in the next five years.

The re-procurement and re-negotiation exercises were successful to secure a fixed term contract for both Authorities and to establish a strategic collaborative partnership with one provider to work effectively together to continually improve and achieve further efficiencies during the lifetime of the contracts.

Consequently, savings of £512,000 at SMDC and £287,000 at HPBC have been realised. However, the impact of Covid-19 may require a review of the existing contracts dependent on the success of the recovery period once Leisure Centres are fully operational – and consequently the efficiencies realised may have to be reassessed.

Insurance Contract

Significant savings have been achieved through re-procurement of the Councils' Insurance contract, completed again through a buying collaboration with other West Midlands and Worcester Councils. The benefits of aggregating contracts with other Public Sector buyers gives opportunity to consolidate requirements to maximise on buying power and increase the attractiveness of business to market sectors, which ultimately drive down costs.

Both High Peak and Staffordshire Moorlands are relatively small in terms of their buying power in comparison to Unitary, NHS, Fire and Police Authorities – by engaging in local buying arrangements between Districts and Boroughs for requirements provides greater economies of scale.

The benefit of procuring through the West Midlands Councils Insurance Group has resulted in savings being achieved in excess of £100,000 per annum per Authority.

Top Strategic Contracts

- 6.10 The Councils have existing and newly established Supplier relationships for key strategic delivery of front line and support services. The relationships between client and provider work with a common goal to achieve best value and optimum advantage for delivering efficient cost effective services to the local Authorities communities.
- 6.11 Through effective management, communication, shared knowledge and expertise the Councils and delivery partner(s) continue to work to share objectives and outcomes that benefit financially and non-financially all parties. Successfully, the provider can maintain competitive advantage over market rivals and the Councils maximise on

opportunities for continuous improvement, efficiencies and social value during the lifecycle of the contracts.

- 6.12 The Councils are actively ensuring by working together with delivery partners, Corporate Plan objectives are achieved and benefits to the community through these arrangements.
- 6.13 The table detailed below identifies the Alliance top 4 strategic delivery partnerships and achievements made through effective collaborative working.

Alliance Top 4 - Strategic Delivery Partnerships

| Authority | Contract | Strategic Partners |
|--------------|--|--|
| HPBC / SMDC | Waste, Streets and Grounds Environmental Services Company | Alliance Environmental Services ANSA |
| HPBC / SMDC | Facilities Management Public Buildings (<i>currently under review</i>) | Derbyshire County Council |
| HPBC / SMDC | IT Desktop Support | Northgate Public Sector |
| HPBC SMDC | Leisure Centre Management Leisure Centre Management | Parkwood Leisure Ltd Parkwood Leisure Ltd |

7. Public Sector Regulatory Framework

- 7.1 As a Public Sector buying Authority, the Councils must ensure that the revised strategy is relevant to international, national, regional and organisational policies and regulations. Further details are provided below on the regulatory framework that must be adhered to:

Public Contract Regulations 2015

- 7.2 The Public Contracts Regulations 2015 implement the 2014 EU Public Sector Procurement Directive. The regulations apply where a contracting authority seeks offers in respect of a public works, services or supply contract with a value in excess of the applicable financial thresholds.
- 7.3 Under the revision of the Public Sector Regulatory framework for Contracting, there is considerable flexibility for contracting authorities to include social, labour law and environmental criteria in the stages of the procurement process and during contract performance than previous regulations.

- 7.4 There are also new obligations in the Regulations that require procurers to take certain actions to ensure compliance with various international laws.

BREXIT – UK Public sector procurement changes

- 7.5 As the UK has left the European Union, the Councils will no longer be required to publish notices in the Official Journal of the European Union and from 1 January 2021 a new e-notification service called 'Find a Tender' will be used to post and view public sector procurement notices. The Councils are still governed by Public Contract Regulations 2015 in UK Law, so must still adhere to the requirements and principles of the regulations.
- 7.6 In December 2020 the Cabinet Office issued a Green Paper : 'Transforming Public Procurement' for wider consultation on public sector contracting reforms. The consultation period ended in March 2021, we are currently awaiting the results of the consultation. Ultimately Central Government's goal through these reforms is to speed up and simplify Public sector procurement processes.
- 7.7 To support the local agenda and strategic direction of 'keep and buy local' the Cabinet Office PPN21/11 Reserved Contracts policy (on the back of the UK's exit from the EU) was introduced as a relaxation to the Public Contract Regulations 2015 for sourcing within a direct regional area. Effective from January 2021, this permits flexibility for Public Sector buyers to reserve the procurement by supplier location – this means being able to run a competition and specify that only suppliers located in a geographic area can bid.
- 7.8 In addition the policy permits reserve of the procurement for Small to Medium sized enterprises (SME's), Voluntary, Community and Social Enterprises (VCSE's) again meaning specifically running a competition contained to those groups.

Councils' Procurement Procedure Rules

- 7.9 The Council's Procurement rules, as revised in September 2017, set out the Governance framework for the Councils' Standing Orders and Financial Regulations. The Procedure Rules form part of the Councils' Constitution and have been approved by respective Committees at both Councils. They operate as a joint set of regulations for the purchase of goods, services or works.
- 7.10 The document sets out clearly the thresholds for procurement activity and the processes for sourcing / approval and management of contracts. Every Council Officer procuring goods, services or works has a duty to comply with the requirements of the procedure rules.
- 7.11 The current Procedure Rules will be reviewed alongside the Procurement Strategy to ensure they remain fit for purpose.
- 7.12 The procedure rules operate on fundamental principles for Public Sector contracting i.e.; Transparency, integrity, economy, openness, fairness, competition and accountability.

- 7.13 The Councils have robust due diligence processes in place to mitigate exposure to risks in supply arrangements. From selection stage through to contractual exchange there are specific policies and conformance checks to ensure the authorities and residents are not exposed to risk of data breach, safeguarding and environmental crimes to mention a few. The Councils ensure through best practice, policies and mandatory conditions that contracts and tender information include the required legal standards for;
- Data Protection and GDPR;
 - Safeguarding;
 - Modern Slavery;
 - Financial Integrity;
 - Health and Safety, Environmental and Equalities.

The Public Services (Social Value) Act 2012

- 7.14 The Act came into force on 31st January 2013. It provides an opportunity for the Councils to consider how they can improve the economic, environmental and social well-being of the Community in relation to what is being procured, how it is to be procured and whether to consult on these issues. The Act makes a valuable contribution by highlighting the importance of social value considerations and how the Councils can take these into account through procurement for the benefit of the wider community served.

8. Development of the Procurement Strategy 2021 – 2025

- 8.1 In developing the new Procurement Strategy, the Councils need to establish clear objectives for the next 4 years in order to facilitate continuous improvement, ensure the Procurement service adapts to changing requirements and remains fit for purpose and to support to the Councils' Corporate Plan aims.

- 8.2 The below paragraphs set out some of the proposed considerations of the updated Strategy, focusing on:

- The Councils' current Corporate Plan objectives;
- Adopting positive practice from the 'Preston Model';
- Local Government Association National Procurement Strategy 2018-22 themes;
- Achieving Responsible Procurement.

The Councils Corporate Plan 2019 -2023

- 8.2 The Councils' priorities are set out in the four year Corporate Plans. The Corporate Plans establish the Councils' aims; objectives; key projects and how success is measured.

- 8.3 Aim 2 in each of the Corporate Plans focuses on financial resilience and value for money, with a key objective under this aim of 'effective procurement with a focus on spending money locally'. Responding to the climate emergency is also a key theme of Aim 4, which procurement can play a significant role in.

8.4 As Local Authorities have faced significant changes to the way in which they are funded in recent years, there has been a greater need to diversify strategies for delivering public sector services and maximise on the opportunities for business growth. The Councils have made progress to date in forming and delivering innovative contracting strategies through establishing joint ventures and alternative means for front line service delivery – as set out in 6.9.

8.5 The Joint Procurement Strategy over the next four years must continue to focus on commercial advantage, sustainability and supporting economic growth, leading the way through effective Procurement and demonstrating initiative and resourcefulness to rise to social economic and environmental challenges that communities are facing. Particularly in light of the impact the Coronavirus pandemic has had on local businesses and residents.

The Preston Model

8.6 Preston City Council, by developing and implementing a new way of procurement (identified as the '*Preston Model*') with primary focus on effective, sustainable procurement, has become widely acclaimed for the proactive engagement of local supply chain and community wealth benefits. It is recognised that this model has been effective in its implementation across a number of buying organisations and the business community in the Lancashire region.

8.7 The '*Preston Model's*' concept was formulated from adoption of a 'grassroots' approach from America to tackle inequality and keep profits local. The City Council wanted to understand more about their spending profile and how they could reshape this to the benefit of the immediate community and businesses. They initiated a programme in 2012, which included the following;

- identify levels of spend in their regional area;
- how much of this was leakage to wider regions;
- how much was spent with SMEs (Small to Medium Enterprises : businesses up to 250 employees); and
- identifying 'anchor institutions' and how they procured supplies and services.

8.8 The model is based on the following fundamental objectives:

- Community Wealth Building;
- Influencing Local Spend;
- Growing local Business and Co-operatives;
- Innovation and Collaboration between partner organisations.

8.9 The Corporate aims for both our Councils are aligned in relation to supporting the local economy. Adopting positive practice from the '*Preston Model*' will assist with achievement.

LGA National Procurement Strategy 2018-22

8.10 The National Procurement Strategy (NPS) for Local Government in England 2018 focuses on three themes which have been identified as the sector's priorities for the next four years:

- **Showing leadership;**
- **Behaving commercially;**
- **Achieving community benefits.**

8.11 This reflects the Councils' aims and aspirations to deliver a robust and effective procurement service and therefore it is proposed to incorporate the themes into the new Procurement Strategy, defining key actions and measurable outcomes.

Responsible Procurement

8.12 High Peak Borough Council and Staffordshire Moorlands District Council working as a Strategic Alliance recognises the responsibility it has to procure value for money goods, services and works, whilst maximising opportunities for social value, minimising environmental impacts and ensuring the ethical treatment of people throughout its supply chain.

8.13 It is essential that climate change is tackled nationally to protect the natural environment, to improve air quality, protect against flooding, and ensure transport, waste and energy policies are environmentally sustainable. The Councils can contribute to reducing environmental and social impact for future generations by maintaining ethical and sustainable sourcing approaches and controls within the Supply chain.

8.14 In pursuit to embed responsible procurement ethics into purchasing strategies, three focus areas are identified for inclusion in the revised strategy:

- **Social Value;**
- **Environmental Sustainability;**
- **Ethical Sourcing.**

9. Consultation

9.1 It is important that consultation with relevant stakeholders is undertaken and feedback is considered as part of the formal Procurement Strategy.

9.2 It is proposed to undertake consultation with Members, Staff, Businesses and other external organisations that could support and provide insight.

9.3 Members are asked to provide feedback on this report which sets out some of the proposed actions that will feed into the Strategy. A webform has been created, which

asks for feedback on the five areas of focus – the link is provided below:
<https://myforms.staffs Moorlands.gov.uk/JOINTPROCUREMENTSTRATEGY/launch>

- 9.4 The Procurement team will be actively working with the Chambers of Commerce for both Authorities regional areas to utilise their network of small local businesses to consult with on the development of the Councils' Procurement Strategy. Engagement has already been established and the Chambers are keen to work with the Councils on a number of consultation sessions / supply chain workshops to help shape procurement strategy priorities. We are also exploring options for a joint combined forum covering both areas of the Alliance.
- 9.5 Staff will also be invited to comment, particularly on current procurement processes, quality of current suppliers/contractor and contract management arrangements.
- 9.6 A copy of this report will also be shared with a representative from Keele University who is a Professor in Sustainability.

10. Key Proposed Actions

- 10.1 Taking into account the areas of focus outlined in section 8 and 9, the proposed key actions at this stage to be considered for incorporation into the Procurement Strategy are set out below.
- 10.2 In agreeing actions as part of the Procurement Strategy, there needs to be an awareness of conflicting priorities. For example, 'utilising local businesses' may not always achieve the 'commercial and value for money' objectives. Each procurement activity will ultimately need to be assessed proportionately and on an individual basis in regard to the specific actions applied.

| Procurement Strategy Area of Focus | Description | Link to Corporate Plan Key Objectives | Actions (provisional timeline to be included in Procurement Strategy over a 4 year period) |
|------------------------------------|---|--|---|
| Showing Leadership | <p>Focus on:</p> <ul style="list-style-type: none"> Engaging Councillors, Senior Management and Stakeholders Working with Partners and Strategic Suppliers | <p>AIM1: Effective relationship with strategic partners (HP / SM)</p> | <p>Focus on / consideration of:</p> <p>Engagement:</p> <ul style="list-style-type: none"> Procurement Forward Plan proposing procurement activity for following 12 months presented to Full Councils each February – possibility to look at longer term view Quarterly procurement updates provided alongside Quarterly Financial reports to Committee. Review format and enhance as necessary Individual Executive / Cabinet Decision reports and Committee reports presented for approval based on value of procurements / nature of procurement Liaison with Portfolio Holder for Procurement and the respective Service Portfolio holder through sharing of extracts taken at the quarterly forward plan reviews with Heads of Service Consider feedback from consultation exercise with Members / Staff / other stakeholders <p>Working with Partners / Strategic Suppliers</p> <ul style="list-style-type: none"> Procurement support provided for strategic options considered for alternative service delivery Establishment of targets for continuous improvement and innovation throughout contract lifecycle Early Supplier / Buyer Engagement prior to publication of contracts to deliver variable or options for end of product or service |
| Behaving Commercially | <p>Focus on:</p> <ul style="list-style-type: none"> Creating Commercial Opportunities Contract Management Managing strategic risk | <p>AIM 2: Effective use of financial and other resources to ensure value for money (SM)</p> | <p>Focus on / consideration of:</p> <p>Creating Commercial Opportunities</p> <ul style="list-style-type: none"> Establishing commercial advantage for buyer organisations through gain share arrangements Consideration of partnering agreements / Joint Venture Arrangements to spread direct and indirect costs amongst collaboration partners to reduce overall costs for delivering front line services as well as accessing expertise |

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| | | | <p>Contract Management</p> <ul style="list-style-type: none"> • Contract management toolkit to be developed and services engaged • Effective communications between buyer and suppliers to create a 'win win' approach to delivery of contracts and to identify options for efficiencies / added value throughout the contract term • Regular documented performance review meetings and contract spend analysis • Flexibility on extension terms in contracts to revisit the requirements and conditions – to enable innovation and efficiencies <p>Managing Strategic Risk</p> <ul style="list-style-type: none"> • Strategic Contracts risk register to be established • Regular 'health check' of key strategic supply partners (e.g. financial / Health and Safety / Insurance / Environmental profiles) • Contingency planning arrangements for alternative delivery in the event of contractual relations breakdown • The impact and legacy of Covid-19 Coronavirus pandemic has emphasised the need to consider contractual terms and conditions for business interruption for the future. The legal framework will no longer work on the basis of Force Major or Frustration alone (meaning termination of contractual relationships being forced through these exit clauses – which can be no fault of either party). Contracting Authorities will need to ensure that contracts are future proof to enable continuation of effective delivery of without compromise, financial consequence or exposure to failure of delivering front line services. |
| <p>Achieving Community Benefits</p> | <p>Focus on:</p> <ul style="list-style-type: none"> • Engaging local small, medium enterprises (SME's) and micro-businesses • Obtaining Social Value – award of services and works contracts to protect and enhance the health & wellbeing of local people and the local economy | <p>AIM 2: Effective procurement with a focus on local businesses (HP / SM)</p> <p>AIM1: Develop a positive relationship with communities (SM) /</p> | <p>Focus on / consideration of:</p> <p>Local Businesses</p> <ul style="list-style-type: none"> • Ensuring quotations and tender opportunities at lower levels are openly available for local businesses • Actively and directly encourage participation from local businesses through direct entry into bidding opportunities • Promotion of technical support through business support offerings • Profiling contracts that give greater opportunity to enable participation from Micro to Medium Business Enterprises eg establishing more multi lot frameworks and Dynamic Purchasing systems • Attendance and presentation at regional buyer events • Effective, clear and regular communication for businesses • Revisiting qualification criteria, reducing question sets, clear and accessible application process |

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| | | | <ul style="list-style-type: none"> • Implement 'Cabinet Office PPN21/11 Reserved Contracts policy' in regard to sourcing within a direct regional area where relevant • Adopt principles from the 'Preston Model' • Consider feedback from consultation exercise with Chamber of Commerce • Post Covid-19 recovery phase. Direct invitation to local companies via electronic tendering portal to bid for work, this means they will receive a notification alert to the opportunity – look to use the data obtained through the small business grant relief support to reach out to those businesses who we may not have had supply arrangements with currently or in the past. <p>Social Value Inclusion of scored weighted evaluation criteria to promote:</p> <ul style="list-style-type: none"> - Training and skill development opportunities - Local employment opportunities through contracts - Evaluation % weightings in selection process, proportioned with higher emphasis on Corporate Social Responsibility (CSR) <ul style="list-style-type: none"> • Encourage, support and signpost local businesses to do business with the Councils • Wherever possible seek to actively invite as many local suppliers into an OPEN tender procedure • Through contract management, measure social value benefits of key significant contracts |
| <p>Environmental Sustainability</p> | <p>Focus on:</p> <ul style="list-style-type: none"> • Minimising environmental impacts through sustainable sourcing policies and effectively supporting the supply chain to improve efficiency and achievements in environmental standards. | <p>AIM 4: Meeting the challenges of climate change (SM)</p> | <p>Focus on / consideration of:</p> <ul style="list-style-type: none"> • Set clear standards in our specifications to reduce or eliminate impact on the environment, including Single use Plastics and sustainably sourced materials • Selection assessment criteria for carbon reduction, water consumption efficiency, clean fuels • Source renewable energy supplies for Council buildings • Construction / capital projects design and product considerations in regard to environmental impact • Advocate 'Green Procurement' policy – incorporating human health and environmental concerns into the search for high quality products and services at competitive prices • Consider green alternatives (in line with infrastructure capabilities) as part of the Climate Change Action Plan to reduce carbon emissions • Work with key strategic partners to establish clear links for sourcing strategies and support the Council's agenda on Biodiversity initiatives • Encouraging local organisations and businesses to reduce their carbon footprint • Consider feedback from Professor of Sustainability at Keele University |

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| Ethical Sourcing | Focus on: Contracting with responsible businesses <ul style="list-style-type: none"> Ensuring that human rights and employment rights are protected throughout the Councils' supply chains and encouraging responsible business practices. | AIM1: Effective relationship with strategic partners (HP / SM) <p>Develop a positive relationship with communities (SM)</p> | Focus on / consideration of: <ul style="list-style-type: none"> Ensuring human and labour rights complying with UN International Labour Organisation (ILO) conventions throughout supply chains Ensuring legal and fair employment practices Eliminating modern slavery and human trafficking. Ensuring supply chain employees are working legally Guarding against bribery, corruption and tax evasion |
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