

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Cabinet

4 October 2022

TITLE:	Joint Procurement Strategy 2022-2025
PORTFOLIO HOLDER:	Councillor Ward - Portfolio Holder for Customer Services
CONTACT OFFICER:	Elaine Hallworth - Lead Procurement Officer
WARDS INVOLVED:	Non specific

Appendices Attached:

Appendix 1 - Draft Joint Procurement Strategy 2022-20225

1. Reason for the Report

1.1 To present the Council's Joint Procurement Strategy 2022-2025 for approval.

2. Recommendation

2.1 That the contents of this report are noted and that the Joint Procurement Strategy be approved and adopted.

3. Executive Summary

3.1 Procurement activity 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.

3.2 The Council's current Procurement Strategy, developed with its Alliance partner High Peak Borough Council, was approved in 2014, and sets out the vision and strategic priorities to direct and govern the Council's procurement activities. The strategy provided a basis for development of the procurement function to deliver the efficiencies identified over the next 2-3 yrs.

3.3 The high level achievements delivered as a result of the 2014 Joint Procurement Strategy's objectives included:

- Over £1.9m achieved in Efficiency and Rationalisation Programme Savings;
- Professional Practitioner qualified Lead Procurement Officer MCIPS accredited (Member of Chartered Institute Procurement and Supply);

- Fully integrated electronic workflow, tendering and sourcing platforms – eliminating paper based practices throughout the purchasing cycle;
 - Actively engaging and supporting the Local Supply chain in applying for contracting opportunities – making them visible and accessible at lower levels of spend.
- 3.4 The existing Strategy has now expired and a new strategy is required to focus on the future direction of travel with an emphasis on national priorities and the Council's key priorities for the next three years.
- 3.5 The Council's current Corporate priorities and those highlighted in the Local Government Association's (LGA's) National Procurement Strategy, have provided a basis to determine the key themes and objectives to shape this Strategy. The key themes will be the underlying focus of the action plan and objectives for implementation and delivery
- 3.6 The new Strategy will set clear objectives to meet future challenges and deliver services to our communities, and create a responsible framework in which to achieve the key objectives as outlined in the Corporate Plan 2019-2023 for each Authority.
- 3.7 The focus for the next three years will be to continue to drive value for money and achieve financial savings, but also to consider environmental, social and ethical responsibilities to drive procurement in a sustainable way and effectively work with local suppliers to enhance the local economy.
- 3.8 Five key themes have been identified which will link and underpin the strategic vision and aims of its new Joint Procurement Strategy;
- Showing leadership
 - Behaving Commercially
 - Achieving Community Benefits
 - Environmental Sustainability
 - Ethical Sourcing
- 3.9 The Strategy includes an action plan covering the next three years. This details a range of actions which will be undertaken and delivered in order to demonstrate our support for each of the five key themes detailed above. The actions identified for each theme have been prioritised in regards to their impact and importance and to ensure clarity of the target delivery date. Further details are included in section 10 of this report.

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'.

5. **Alternative Options**

5.1 There are two options available to the Council:

1. To not implement a new Joint Procurement Strategy to contribute to the delivery of the Council's Corporate Priorities (not recommended)
2. To adopt the new Joint Procurement Strategy as presented in this report **(Recommended)**

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)

None

6.2 Workforce

The implementation of the strategy will need support from all integrated Council services and Elected members to champion and effectively deliver the priority actions.

6.3 Equality and Diversity/Equality Impact Assessment

None

6.4 Financial Considerations

The current MTFP contains no new efficiencies, however, work is underway to scope out a new efficiency plan and procurement savings will be identified as a sizeable contributor to this programme going forward, given the current volatile economic environment.

6.5 Legal

Compliance with internal and regulated external governance is addressed in this Strategy and will be delivered in accordance with the Regulations as set out in Public Sector Contracting legislation and the Council's own Procurement Procedure Rules.

6.6 Climate Change

Environmental Sustainability is included as a key theme in this Strategy, supported by associated strategic objectives. Actions to meet climate change challenges through procurement activity are detailed in the Strategy and will be a main focus for the delivery and planning for future commissioning strategies.

6.7 Consultation

Consultation has been undertaken throughout the drafting of this strategy, as detailed at section 9 of this report, including consideration by the Council's Climate Change Working Group.

6.8 Risk Assessment

Effective management of contractual and procurement risk is detailed as a priority action in this strategy.

Mark Trillo

Executive Director (Governance & Commissioning)

Web Links and Background Papers

[28.6.2021 Development of a Joint Procurement Strategy \(Information Digest\)](#)

Contact details

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7. **Background**

- 7.1 Procurement activity 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.
- 7.2 The Council's current Procurement Strategy, developed with its Alliance partner High Peak Borough Council, was approved in 2014, and sets out the vision and strategic priorities to direct and govern the Council's procurement activities. The strategy provided a basis for development of the procurement function to deliver the efficiencies identified over the next 2-3 yrs.
- 7.3 The high level achievements made as a result of the 2014 Joint Procurement Strategy's objectives included:
- Over £1.9m achieved in Efficiency and Rationalisation Programme Savings;
 - Professional Practitioner qualified Lead Procurement Officer MCIPS accredited (Member of Chartered Institute Procurement and Supply);
 - Fully integrated electronic workflow, tendering and sourcing platforms – eliminating paper based practices throughout the purchasing cycle;
 - Actively engaging and supporting the Local Supply chain in applying for contracting opportunities – making them visible and accessible at lower levels of spend.

- 7.4 The existing strategy has now expired and a new strategy is required to focus on future direction of travel with an emphasis on national priorities and the Council's key priorities for the next three years.
- 7.5 The Council's current Corporate plan aims and those highlighted in the Local Government Association's (LGA's) National Procurement Strategy, have provided a basis to determine the key themes and objectives to shape this Strategy. The key themes will be the underlying focus of the action plan and objectives for implementation and delivery.
- 7.6 The main themes for the new Joint Procurement Strategy 2022-25 are based on the following objectives:
- 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.

8. Performance monitoring & benchmarking

- 8.1 To achieve continuous improvement, performance of the Council's Procurement function is measured through quarterly and annual key performance reporting framework.
- 8.2 Performance is measured via a number of internally reported corporate KPI's, these being:
- Supplier (creditor) spend within the local area as a % of total spend
 - Use of Contracts Register - annual contract spend as % of gross expenditure budget
 - % of Procurement activity on forward plan (Joint Alliance measure)
 - % of contracts awarded to local suppliers following submission of expression of interest (over £5,000)
- 8.3 The table below details our performance in regards to these indicators in 2021-22 and the targets for 2022-23:

KPI	2021-22 result	2022-23 target
Supplier (creditor) spend within the local area as a % of total spend	5.68%	6.5%
Use of Contracts Register - annual contract spend as % of gross expenditure budget	Result: 92% (target 93.92% based on 2020-21 results)	2% improvement on 2021-22
% of Procurement activity on forward plan (Joint HP/SM measure)	Result: 52% (target was 68%)	70%

% of contracts awarded to local suppliers following submission of expression of interest (over £5,000)	Result: 20%	Contextual no target set
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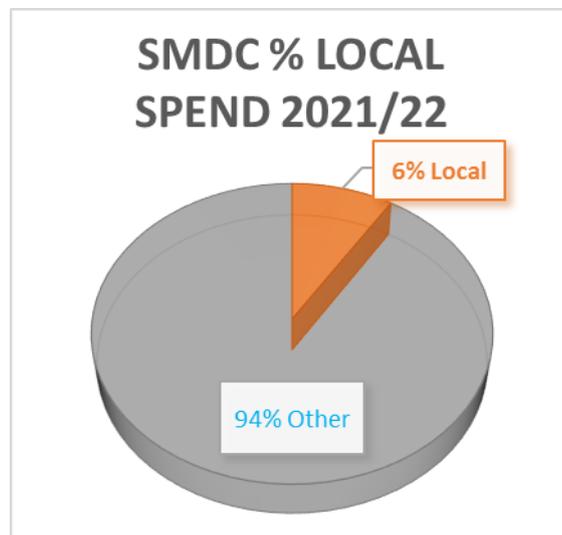
- 8.4 The first critical step in effective strategic sourcing practice is to understand the organisation’s spend profiles, values and categories (ie. identifying classification areas of expenditure). Having clear visibility of the organisation’s spend will support informed decisions on priority areas for procurement to focus on.
- 8.5 Regular analysis of the Councils’ supply chain expenditure is used to inform decisions on how to achieve best value through procuring future supplies, services or works contracts.
- 8.6 The table below details the Council’s Supply Chain spend (*inc management payments ie: AES*) over the last five years including 2020 – 2022 (during the coronavirus pandemic):

Authority	2017/18 [£]	2018/19 [£]	2019/20 [£]	2020/21* [£]	2021/22* [£]
SMDC	10,251,375	10,717,316	11,651,730	12,267,540	14,290,529

* Inc. 'In Contract' Financial support payments_Covid19

- 8.7 From expenditure data, we can look to review further to identify categories of spend and which suppliers are classified as ‘**Local**’. For the purpose of defining ‘local’ business supply arrangements, the regional boundaries for Derbyshire and Staffordshire are used and the revised Strategy will aim to achieve an increased % of local spend through supply chain arrangements over the next three years.
- 8.8 The current local supply chain spend profile as a % of overall spend for 2021/22 is detailed below:

Spend Profile – % Regional spend (County Postcode Areas)



- 8.9 We will continue to work to improve the percentage of local spend and opportunities to supply the Council and will request that our Joint Venture Companies adopt and support the Council's Joint Procurement Strategy objectives of active engagement and support of the local supply chain and economy.
- 8.10 Wider benchmarking of the Council's procurement function was completed in September 2021, through voluntary participation in the LGA's National Procurement Strategy Diagnostic survey. The results, measured regionally and nationally, confirm the Council's position in a 'developing' to 'mature' profile against other regional Public Sector Contracting Authorities in the following areas:
- Obtaining social value
 - Engaging strategic suppliers
 - Creating commercial opportunities
 - Contract and relationship management
 - Managing strategic risk
 - Working with partners
 - Engaging VCSEs (voluntary, community sector...)
 - Local SME and micro-business engagement...
 - Engaging Councillors
 - Engaging senior managers
 - Enablers
- 8.11 This is a real achievement for the Council, demonstrating progression of the priority areas as identified in the National Procurement Strategy and provides a firm basis for the Council's revised Joint Strategy to build on.

9. Strategy review & consultation

- 9.1 In preparation for drafting the revised strategy, wider consultation has taken place with internal and extended stakeholders to ensure that the key priorities and actions are appropriate, agreed and practicable for delivery.

Elected member input

- 9.2 This review commenced during summer 2021 when elected members were initially consulted on the proposed Joint Procurement Strategy via an Information Digest Report issued on 28th June 2021.
- 9.3 Further to this report, an online consultation survey was issued to all elected members at that time asking for their feedback on the key outputs as detailed in the new three year strategy.
- 9.4 Below is an example of some of the suggested amendments for the strategy relating to environmental actions:

"I would suggest that the "Green Procurement Policy" should include considerations of whether suppliers are sourcing products that do not cause detriment to biodiversity whether local or international."

- 9.5 The outline strategy was also presented at the SMDC Climate Change working group on 16 July 2020, thus ensuring active engagement with this group and portfolio leads to determine the procurement priorities to directly address climate change challenges.
- 9.6 The outline Strategy was positively received, with the majority of feedback confirming that the actions against the key themes were suitable and sufficient for inclusion and implementation. Requirements for the use of single use plastics was included as an additional item for specifications.

Business & Chamber of Commerce input

- 9.7 In addition to member engagement, both East Midlands and West Midlands Chamber of Commerce have been supportive in the development of the Joint Procurement Strategy, adding value to shape the content to support opportunity and outputs for Small to Medium Enterprises (SME's) and Micro businesses.
- 9.8 During the next three years we will continue to work with both Chambers to address some of the barriers identified for businesses when looking for Public Sector Contracting opportunities, building on work already completed. Business network panels and meet the buyer events will be delivered over this time to establish strong wider supply chain networks and support local business engagement.

LGA National Procurement Strategy 2018-2022

- 9.9 To shape and identify the key outcomes of the Council's strategy, detailed review and consideration to the national Procurement Strategy's priority focus areas has been incorporated in the revision. This is to ensure the Council is delivering consistent positive change and improvements alongside wider Public Sector Contracting Authorities.
- 9.10 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.
- 9.11 The above outputs in the National Strategy represent the foundations on which the Council's Joint Strategy will build on, in addition to two further themes to ensure the Council observes its responsibilities around ethical sourcing and environmental sustainability. The updated National Strategy will be released for publication imminently and will provide the emphasis and tools that help local government continue on the procurement improvement journey.

Public procurement reforms

- 9.12 Whilst the United Kingdom has left the European Union, we are still governed by the Public Contract Regulations 2015 and therefore must adhere to the requirements and principles of those regulations, until such a time that new reforms on how public sector procurement in the UK is to be delivered in the future.
- 9.13 In December 2020 Government published the Green Paper Transforming Public Procurement which set out proposals intended to shape the future of public procurement in the UK.
- 9.14 The Government's goal is to speed up and simplify procurement processes, place value for money at their heart, and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery.
- 9.15 The Procurement Bill, which will reform the existing EU Procurement Directives for Public Sector Contracting, is currently going through Parliament. It will take several months to complete its passage to obtain Royal Assent, secondary legislation will then follow establishing reformed 'regulations'. It is anticipated that this will occur no earlier than 2023 with a 6 month lead in for implementation.
- 9.16 The objectives of the reforms already mirror the intentions set out in our new Joint Strategy, but will need to be monitored over the next 12 months, to ensure that any fundamental changes which could affect the delivery of this strategy are brought before members for revision.

10. Joint Procurement Strategy 2022-25

- 10.1 The new Strategy will 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.
- 10.2 The focus for the next three years will be to continue to drive value for money and achieve financial savings, but also to consider environmental, social and ethical responsibilities to drive procurement in a sustainable way and effectively work with local suppliers to enhance the local economy.
- 10.3 Both Councils declared a Climate Emergency during 2019. Consequently, a proactive approach to procurement is required, looking beyond short-term needs and considering the longer term impacts of each purchase.
- 10.4 The Joint Procurement Strategy 2022-25, as provided at Appendix 1 will, in addition to the pursuit of value for money, compliancy and transparency, place 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.

- 10.5 Five key themes have been identified which will link and underpin the strategic vision and aims of its new Joint Procurement Strategy, these key themes are:
- Showing leadership
 - Behaving Commercially
 - Achieving Community Benefits
 - Environmental Sustainability
 - Ethical Sourcing
- 10.6 The Strategy includes an action plan covering the next three years. This details a range of actions which will be undertaken and delivered in order to demonstrate our support for each of the five key themes detailed above. The actions identified for each theme have been prioritised in regards to their impact and importance and to ensure clarity of the target delivery date.
- 10.7 The Action Plan included in the Strategy is detailed to identify each action that supports and enables the delivery of the objectives. The following table summarises those objectives and actions as detailed in section 5 of the Strategy:

KEY THEME	OBJECTIVES	ACTION Headings
Showing Leadership	Engaging Councillors, Senior Management and Stakeholders Working with Partners and Strategic Suppliers Embedding excellence in Procurement	Working with Internal Stakeholders, external partners and strategic suppliers Developing expertise, skills and knowledge
Behaving Commercially	Creating Commercial Opportunities Contract Management Managing strategic risk	Identifying and establishing commercial advantages in Contracts, through innovation and alternative commercial service delivery models Effective Contract Management practice – achieving best value and continuous improvement through contractual arrangements Awareness, management and mitigation of strategic contractual risk(s)
Achieving Community Benefits	Engaging local small, medium enterprises (SMEs) and micro-businesses Obtaining Social Value – award	Local Supplier and Business engagement practice Achieving social value

	of services and works contracts to protect and enhance the health & wellbeing of local people and the local economy	outcomes through procurement to benefit local communities and organisations
Environmental Sustainability	Minimising environmental impacts through sustainable sourcing policies and effectively supporting the supply chain to improve efficiency and achievements in environmental standards.	<p>Meeting the challenges of climate change actions in the procurement cycle, renewable energy, sustainable materials and reduction in supply chain carbon footprint</p> <p>Develop and implement a Green purchasing guide and sustainable mandatory standards in specifications</p> <p>Work with supply chain on identifying alternatives and supporting innovation in manufacturing and service delivery to reduce emissions</p>
Ethical Sourcing	<p>Contracting with responsible businesses</p> <p>Ensuring that human rights and employment rights are protected throughout the Councils' supply chains and encouraging responsible business practices.</p>	<p>Maintaining standards for 'responsible' procurement</p> <p>Supply chain analysis and due diligence to protect employment rights, fair pay and conditions.</p> <p>Ensure the Council's own procurement practices are fair, equal, non-discriminatory and transparent</p>