



**OPEN REPORT
COUNCIL**

Council – 29 September 2022

PROCUREMENT STRATEGY 2022-26 & SUSTAINABLE PROCUREMENT POLICY

Report of the Director of Corporate and Customer Services

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

The Council adopted its first formal Procurement Strategy in 2003. The original strategy has since been updated in 2006, 2010, 2015 and 2018.

The increasing pressures on budgets have made the procurement activity a vital factor in the successful delivery of supply and services. The Council recognises that procurement plays a key role in ensuring that it continues to deliver what our residents/customers want e.g. value for money, equal treatment and transparency and in contributing towards economic, social and environmental wellbeing.

As well as proposing the adoption of a revised Procurement Strategy for the period from now until 2026 and a new Sustainable Procurement Policy to meet the Council's commitments under the Climate Change Action Plan by 2030, this report also seeks approval of £54,068 of funding to provide a new internal Procurement and Contract Management resource to ensure that the Council is better supported in meeting its obligations under the law, as well as delivering better value on external contractual and commercial activities.

Recommendations

1. That the Procurement Strategy 2022-2026 be adopted.
2. That the Sustainable Procurement Policy be adopted.
3. That the Council supports the establishment of a Procurement and Contracts Officer post and approves a supplementary revenue budget of £14,000 to cover the cost in 2022/23 and that the estimated annual cost of £54,068 (plus pay awards) be built into the Medium Term Financial Plan from 2023/24 onwards, funded from the General Reserve.

List of Appendices

Appendix 1 Procurement Strategy 2022-26
Appendix 2 Sustainable Procurement Policy

Background Papers

None

Consideration of report by Council or other committee

N/A

Council Approval Required

Yes

Exempt from Press or Public

No

Procurement Strategy 2022-2026 and Sustainable Procurement Policy

1. Background

- 1.1 The aim of the Procurement Strategy is to ensure the Council continues to make sure that every penny is spent wisely to get more value from every pound spent, by either cashable returns, or better operational efficiencies whilst delivering environmental, social and economic benefits.
- 1.2 The Sustainable Procurement Policy is designed to ensure that the climate change and environmental impact of the Council's procurement of goods, services and works is minimised in line with our response to the climate emergency and commitment to achieve net zero carbon emissions from Council operations by 2030.

2. Key Issues

- 2.1 The procurement function plays an important role in achieving and ensuring good governance. It is an integral component of the Council's capacity to provide the required goods and services. In times of such great uncertainty, procurement must provide stability to the Council and the services it provides to our customers through cost reduction and supply assurance. However, whilst the Procurement Strategy focuses on making sure that every penny is spent wisely to minimise costs and reducing risks it should not be our only focus. The Council has a responsibility, where possible, to identify and reduce their environmental impacts through their supply chain. It is a strategic decision that goes beyond the requirements of economics. The Sustainable Procurement Policy is there to help and guide us when to acquire goods and services and select the products based on their social and environmental impact. Without this policy, the Council will have a hard time ensuring that all acquired products or services can contribute to our social and environmental responsibilities.
- 2.2 The Council has previously considered reports from the Chief Executive in respect of the capacity of the organisation to meet its priorities and sought Member approval for budgetary support to provide greater resilience. Given the increasing complexity and importance of procurement activity this is causing senior managers to become more involved in navigating the procedural processes associated with tendering and contract management. Whilst the proposed amendments to Contract Standing Orders have been developed with a view to strengthening governance, they are also intended to reduce some administrative burden. The Council has never previously employed a dedicated resource to support procurement and contract management activity. The Procurement Policy Note (PPN 05/21) sets out information and guidance for contracting authorities which specifically states '*All contracting authorities should consider whether they have the right organisational capability and capacity with regard to the procurement skills and resources required to deliver value for money*'. It is therefore time to evaluate existing arrangements for procurement support and future needs to meet the requirements of the Council's Procurement Strategy and the revised Contract Standing Orders.

3. Options Considered and Recommended Proposal

Procurement Strategy

- 3.1 An alternative option, which is not recommended, is to not have a defined Strategy. This option might be considered to give services more freedom and flexibility in their work without the constraints of a defined corporate framework to operate within. However, this option would increase the risk of procurements being undertaken that do not support the councils' priorities and strategic themes and/or procurements being non-compliant and opening the councils up to challenge, and the associated costs that can bring.
- 3.2 The recommended course of action is for the Strategy to be agreed and adopted. This will give the Council, and importantly individual services, clear direction, and guidance of matters to be considered and procedures to be followed when purchasing goods, services and works. In turn, this will ensure resources are focussed on delivering the council's priorities. Additionally, and not to be underestimated, is by having a clear Strategy it will minimise the risk of non-compliant procurements which could be subject to challenge.

Sustainable Procurement Policy

- 3.3 The alternative option would be to not adopt a Sustainable Procurement Policy. This option is not recommended as it would directly contradict the Council's policy position in relation to addressing climate change. The policy is recommended on the basis that it commits to changes that will benefit the Council in ensuring our products and services are provided in the most sustainable way, as well as ensuring our procurement activity impacts the economy and the environment in a positive way.
- 3.4 In developing the policy, alternative sustainable actions were considered, and the final policy is considered achievable within the Council's statutory duties and role as a community leader, subject to the necessary resources being available. The role of other organisations and businesses in becoming more sustainable was also considered and the policy sets out how the Council can use its influence supporting others to become more sustainable.

Procurement and Contract Management Resources

- 3.5 The Council currently purchases procurement support from Derbyshire County Council and this has served the authority well for a number of years. However, an evaluation of the arrangements for supporting the Council's procurement activity by Corporate Leadership Team has concluded that an internal resource is now required to provide greater assurance and confidence that procurement activity delivers best value, legal compliance and transparency. It is recommended that approval be given to the establishment of a Procurement and Contracts Officer post with a salary range of £38,553 to £41,591 (pay award pending), which would require a budget of up to £54,068. This post is anticipated to have the following main duties and responsibilities:

- To be the specialist and professional lead for the review of all contracts and ensure procurement activities are compliant with the law and Council's procedures and regulations
- To provide specialist and professional advice to Contract Managers in all procurement and contract compliance and management activities
- To lead and coordinate the implementation and delivery of the Procurement Strategy and Sustainable Procurement Policy
- To deliver better value for money and customer satisfaction from procurement activities
- To report to the Corporate Leadership Team on compliance in respect of procurement and contract management activity.

3.6 Consideration has been given to seeking additional resources from other local or public authorities. This option is not recommended as there is a need for an individual to be located within the Council who will be accessible and responsive to the organisation's needs and demands, as well as having a greater understanding of the rules and priorities of the authority.

4. Consultation

4.1 There has been no public consultation on the updated Procurement Strategy or the proposed Sustainable Procurement Policy. This strategy and policy, whilst important documents, are of limited public interest. Consultation has therefore been focused on seeking feedback from key officers across the authority on the implications in respect of sustainable procurement and achieving social value through our procurement activity. There has also been consultation with Derbyshire County Council in view of the relationship with that authority in supporting the District Council's procurement activity.

5. Timetable for Implementation

5.1 The Procurement Strategy and Sustainable Procurement Policy will take immediate effect subject to the agreement of Council.

5.2 Once approved, the Council proposes to commence procurement training to Officers ensuring awareness and understanding of both the Procurement Strategy and Sustainable Procurement Policy when procuring supplies, services and works on behalf of the Council.

6. Policy Implications

6.1 Adopting both the Procurement Strategy and Sustainable Procurement Policy would link to the Council's Corporate Plan 2020-2024 target. Specifically by contributing to:

- **People** – Maintaining high customer satisfaction about the quality of services we deliver.
- **Place** – Achieve net zero carbon emissions from District Council operations by 2030
- **Prosperity** – Making it easier for local firms to do business with us through our procurement processes.

7. Financial and Resource Implications

- 7.1 By having a clear Strategy, the Council will be better placed to ensure value for money is achieved in its procurement activities.
- 7.2 The establishment of a Procurement and Contracts Officer post with a salary range of £38,553 to £41,591 (pay award pending), would require an additional revenue budget of up to £54,068 per annum (after allowing for oncosts), plus pay awards. It will be necessary to seek Council approval for a supplementary revenue budget of £14,000 to cover the cost in 2022/23 (assuming an appointment from January 2023) and for the estimated annual cost of £54,068 (plus pay awards) to be built into the Medium Term Financial Plan from 2023/24 onwards, funded from the General Reserve
- 7.3 Additionally, as mentioned above, this course of action will reduce the likelihood of subsequent (costly) challenges to non-compliant procurements.
- 7.4 Taking all of the above into account, the financial risk of the report's recommendations is therefore assessed as low to medium.

8. Legal Advice and Implications

- 7.1 There are no legal implications arising directly from this report's recommendation. In general terms the Council's procurement activities must be carried out in accordance with the Council's Contract Standing Order and Financial Regulations and procurement legislation and regulations (UK).

9. Equalities Implications

- 9.1 When considering its approach to contracting, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). Officers are expected to continuously consider, at every stage, the way in which procurements conducted and contracts awarded satisfy the requirements of the public-sector equality duty. This will include, where appropriate, completing an equality impact assessment.

10. Climate Change Implications

- 9.1 There are not considered to be any direct climate change impacts resulting from the recommendations in the report and therefore a detailed assessment has not been carried out. However adoption of both the strategy and policy are crucial to support the Council's commitment to be net zero in respect of its own carbon emissions by 2030.
- 9.2 It is estimated that 70-80% of a Councils total carbon (greenhouse gas) emissions are a consequence of operations that occur at sources the Council does not own or control – known as scope 3 emissions. Scope 3 emissions are difficult to account for and control, because the required data

and responsibility often lies with other organisations or individuals i.e. suppliers or contractors.

- 9.3 The UK Government currently recommends that public sector organisations measure their carbon emissions annually but there is no requirement for local authorities to report or reduce scope 3 emissions.
- 9.4 Following the approval of the Council’s Climate Change Strategy and action plan an internal mapping/screening activity was undertaken to understand the scale of the emissions that could be reported as scope 3. This approach identified all possible sources of emissions and then undertook a prioritisation activity to focus in on those emission sources where meaningful data could be reported, and where there was opportunity to manage and reduce emissions.
- 9.5 Through a report to Council on 14 October 2021 it was agreed that one of those focus areas should be ‘working with suppliers to improve the environmental impact, carbon emissions and sustainability of our procurement’.
- 9.6 The Sustainable Procurement Policy, aligned with the new strategy, supports the above focus – providing a framework for officers to work within to meet the aim of achieving net zero emissions from Council operations by 2030 and enhancing resilience and adaptation to climate change impacts. It increases awareness of climate change within the supply chain, and gives opportunity to challenge and support suppliers and contractors to take into account the climate change and environmental impacts of their policies and practices.
- 9.7 The direct impact of the policy will be felt following the appropriate training, as outlined in paragraph 4.2 above.

10. Risk Management

- 10.1 The Council does not currently have a Sustainable Procurement Policy, but by adopting this Policy along with the updated Procurement Strategy it will promote awareness and understanding of key objectives within the procurement process and that Environmental and Social objectives should also be considered not just value for money.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	22/09/2022
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	22/09/2022
Monitoring Officer (or Legal Services Manager)	James McLaughlin	21/09/2022