

Rother District Council

Report to: Cabinet
Date: 28 February 2022
Report of: Antony Baden - Chief Finance Officer
Cabinet Member: Councillor Dixon
Wards: All
Purpose of Report: To receive the annual review of the Council's Procurement Strategy
Decision Type: Key

Officer

Recommendation(s): It be **RESOLVED:** That

- 1) the annual review of the Procurement Strategy in Appendix A to the report be noted; and
- 2) a Lead Member for Procurement and Social Value Policy be nominated.

Reasons for

Recommendations: To approve the review of the Rother Procurement Strategy and note the action plan established.

Annual Review of Procurement Strategy

1. The Council's Procurement Strategy was approved by Cabinet in December 2020. This was developed following a workshop with Members in July 2019, run by the East Sussex Procurement Hub (ESPH) in order to review the Council's Procurement Strategy to ensure that it met current legal and policy objectives.
2. In 2020/21 the Council spent £22.56 million on goods, works and services. The importance of effective procurement has never been greater for local government in a post COVID-19 recovery environment. The demand for public services is increasing, while resources are drastically reducing. The pressure to find greater efficiencies and improve productivity is driving councils to look for different ways to deliver better outcomes for local people. The Council uses the services of the ESPH which is hosted by Wealden District Council. It is a three-way partnership including Hastings Borough Council, although the Hub do undertake wider joint procurements across East Sussex and beyond where there is an economic/market advantage in procuring together.

Principles of the Strategy

3. The Procurement Strategy has been developed using Procurement Strategy for Local Government in England 2018 toolkit as its basis. It explains how the Council will continue to develop and benefit from the professional expertise of

the ESPH and the systems employed to make sure that the Council delivers value for money.

4. The strategy explains what the Council is setting out to achieve through the procurement of goods and services including considerations such as the environment and socio-economic issues. It provides reassurance that the Council will continue to spend public money in a way which is fair, accountable and gets the very best value.

Review of Performance against Action Plan

5. The analysis in Appendix A highlights the performance in 2021 against 18 keys measures identified and details actions for the next 12 months against each target. It is acknowledged that progress in some areas has been restricted due to the pandemic and this is reflected in the targets of the action plan outlined for 2022.
6. The key areas for development in the coming year will be the production of the Council's Social Value Policy, which will focus the procurement approaches to Climate Change and social wellbeing. The government have also confirmed that their Transform Public Procurement agenda will see changes to legislation early in 2023 and although the Green paper is still at the consultation stage, it is likely to contain more stringent transparency reporting requirements. The challenge will be to ensure that officers, Members and local supplier chains will be familiar with the changes taking place.
7. Member involvement is crucial if delivering the aims of the strategy is to be achieved in the future. Cabinet is therefore requested to nominate a Lead Member with responsibility for Procurement and Social Value Policy.

Environmental Implications

8. As mentioned in paragraph 6 the Procurement strategy targets for 2022/23 will need to address how the Council approaches procurement in respect of climate change. KPI 3 in Appendix A gives more detail on this.

Conclusion

9. The annual review of the Council's Procurement Strategy highlights the developments that have been made in the first year after adoption and identifies actions that need to be undertaken in the coming year to meet policy and legislative requirements. The procurement strategy gives officers and Members a sound basis for procurement decisions. If accepted, the proposal to nominate a Lead Member will also strengthen procurement governance and Members involvement.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	No	Exempt from publication	No

Risk Management	No
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Appendices:	Appendix A – Rother Procurement Strategy KPI Performance 2021/22 and Action Plan 2022/23
Relevant Previous Minutes:	None
Background Papers:	None
Reference Documents:	None

Appendix A

Rother Procurement Strategy KPI Performance 2021/22 and Action Plan 2022/23

	Performance Level	Performance 2020-2021	Action/ Improvement Plan 2022-2023
Key Area	Value for Money and Efficiency	Outcome	Targets
1.	Delivery of budget savings through procurement.	Target based on 1.5% of total external procurement expenditure (£22.56m), which is £338, 000. Savings for the year is calculated to be £823, 195.	Set target for next year based on expenditure for 2021/22.
Key Area	Governance	Outcome	Targets
2.	Procurements are undertaken legally (including in accordance with changes in legislation/case law e.g. Brexit), consistently and within the Council's own Procurement Procedure and Financial Procedure rules.	Transition from EU Regulations successfully undertaken. Changes effectively communicated to Rother staff and updated guidance circulated. All exemptions to PPR are recorded centrally.	Procurement refresher training for all relevant officers to take place in Spring of 2022, to be delivered by the ESPH in conjunction with the Chief Finance Officer and by a combination of online and on-site training. Green Paper Transforming Public Procurement comes into force in late 2022/ early 2023 and a training programme will be established for staff and Members in the Autumn of 2022.

Key Area	Obtaining Social Value	Outcome	Target
3.	Policy and scope.	Principles of Social Value support the Council's Corporate Plan and adds value for Rother residents. Ten procurement projects undertaken in 2020/21 and two of these (Rother Water Safety and Out of Hours Telephone Service) contained the requirement to provide Social Value benefits as part of the exercise. Inconsistent levels of engagement and awareness currently exist.	Establish a baseline of procurement projects containing Social Value requirements and look to increase annually to 50% with subsequent improvements each year. Review approach to embed Social Value culture into procurement processes and create Social Value officer sub-group to enable this change. Key tasks of group will be to develop Social Value Policy in 2022 outlining an approach to maximise environmental and social wellbeing. Future annual reports to detail actual benefits realised from procurement activities.
4.	Councillor or cabinet board/authority member given responsibility for reporting leading on social value.	Not identified appropriate Lead Member and no specific Councillor training undertaken.	Create Lead Member role responsible for Social Value and undertake specific Member training programme in 2022.

5.	Market engagement and Contract Management	Market engagement exercises undertaken on key projects only. Agreed with Members in 2019 to hold a supplier event in Bexhill in 2020/21, but not possible due to Covid restrictions. Production of Social Value Action Plans for each contract being piloted by ESPH. Key element is the link between the action plans produced and the monitoring and reporting of relevant targets.	Social Value Action Plans to be produced for each contract and to be held centrally so that they can be monitored effectively. Explore potential for an Understand the Buyer event in Bexhill 2022.
6.	Governance and accountability	Social Value is recognised as a core principle of the Council's Procurement Strategy and is included in every appropriate procurement activity.	Procurement focus on developing wider understanding of Social Value within the Council and how to apply it through contractual arrangements. All relevant reports to be placed on ESPH and RDC websites. Clear evidence that Lead Member has direct oversight of Social Value and that the Social Value sub-group supports the embedding of culture into all contractual processes.
Key Area	Local SMEs, micro- business and VCSE engagement	Outcome	Target
7.	Policy and scope.	Succeeded in making procurement processes SME friendly and not over bureaucratic. Reviewed processes to reduce barriers to entry for local businesses in a post Covid environment.	Pipeline of opportunities to be published on website to inform relevant parties of local needs and the desired market outcomes.

8.	Facilitating good relationships with SMEs, micro- businesses and VCSE organisations	Target to establish current baseline for local spend/ SMEs. Identified that 4% of spend is within Rother and 14% within East Sussex. SME spend is 22% which is below the government target of 25%. However, all these areas of spend have increased from 2019/20.	Look to increase local spend/ SMEs each year by 5% per year. Undertake analysis of external spend with companies outside of area to identify future opportunities for local businesses. Explore potential for Understand the Buyer event to update local businesses on changes to Procurement regulations in 2022/23.
Key Area	Commercial opportunities	Outcome	Target
9.	Annual Procurement Programme	Annual forward plan of procurement activity approved the beginning of each calendar year.	Forward planning needs to be undertaken across the organisation to consider commercial opportunities. Procurement is engaged in the inception of strategic projects to effectively contribute ideas for revenue generation in the forward planning process.
10.	Tendering	Procurement is an integral contributor to the planning phase of commercial development. Tender documentation is drafted to encourage bidder participation.	Continued focus on ensuring that tendering opportunities are innovative, and that market attractiveness is maximised.
11.	Performance reporting	Performance reporting procedures under review to ensure they are consistent across the Council.	Annual report to Cabinet outlining performance against the Key Performance Indicators of the Council's Procurement Strategy. Quarterly reviews to be undertaken between the ESPH, Chief Executive and Chief Finance Officer.

12.	Post contract review	Post contract reviews do take place but not consistent across authority. Focus on Social Value or commercial benefits needs to be improved.	Identify and publicise criteria for undertaking post contract reviews to ensure that opportunities are being exploited effectively.
Key Area	Supplier relationships and contract	Outcome	Target
13.	Data collection and analysis	ESPH produced a Contract register for projects <£50k. It also produces an annual report covering major 3 rd party spend and local & SME participation.	Need to develop contract register that includes all projects (including those under £50k) in order to have a complete overview of procurement with the Council.
14.	Early engagement with future strategic suppliers	Soft market engagement undertaken with suppliers on major projects. Project programme produced and signed off in February each year.	Publish project pipeline early into each financial year to alert local business of potential opportunities.
15.	Supplier financial distress	Structured approach to dealing with early signs of financial distress through third party financial service alerts service. Areas of concern are shared with officers and together approach difficulties with contractor direct.	Review training and guidance to officers on managing and identifying supplier financial distress during post Covid 19 recovery phase.
16.	Savings and benefits delivery	Structure in place for capturing savings and benefits on contracts issued by ESPH.	ESPH will develop a streamlined approach to savings capture/benefits realisation, which will be applied uniformly across the Council and reported to Cabinet on an annual basis.

17.	Recognition and cultural acceptance	Ethos of effective contract management identified in Council. Contract and relationship management is recognised as being essential to overall contract performance.	Review the approach to contract management to reflect the current requirement for social value monitoring.
18.	Skills and knowledge	Contract management training model being developed to ensure it is acknowledged as a core competency for Rother staff.	Contract management training to be part of induction and appraisal process. Refresher programmes will be available to staff involved in contracts with video training guides available on ESPH Buyer side webpages.