



## CABINET

Tuesday, 13 July 2021

<b>Subject</b>	Results of the Task and Finish Group on Procurement
<b>Report by</b>	Councillor Steve Wiles Assistant Cabinet Member for Economic Development
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Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

To inform members of the findings of the Task and Finish Group and agree the recommendations set out in the Procurement Strategy Document

### **Options:**

The Task and Finish Group (T&F Group) was duly formed and met for the first time in August 2020. Over the subsequent months the group discussed (amongst other topics); current procurement processes and works already in progress, alternative models of procurement, social value, and procurement legislation.

It was identified that despite pockets of good practice current processes did not go far enough and an East Suffolk Model of Procurement was required.

The T&F Group therefore identified four themes with which the requirements set out in the motion could be met:

- Supporting the Local Economy
- Measuring Outcomes
- Partners
- East Suffolk Commissioning

The attached report of the group findings identifies the status of the Council on each of these themes currently and the future status we aspire to deliver. This is further supported by the action plan for each theme identified in appendix 1 at the back of the report document providing more detail into activities to improve procurement processes.

The options around this therefore are:

**Option 1:** maintain the current position with a mainly traditional procurement process with ad hoc pockets of innovation, Social Value, and integration with Strategic Aims.

**Option 2:** Move to the East Suffolk Procurement model as outlined in the T&F Group report, and fully integrate procurement with the Business Strategic Aims and deliver a more strategic procurement approach that will encourage other Public and Private bodies work with us.

### **Recommendation/s:**

#### **Officers recommend the adoption of Option 2**

That Cabinet approve the recommendations of the Member and Officer based T&F Group from the attached report, which are:

- 1) Approving the action plan and outcomes in T&F group Report ( Appendix 1)
- 2) Creating a cross departmental project – to include consultation with members - to produce:
  - a) Revised procurement processes that support the new policy
  - b) a Social Value and Sustainable Procurement Policy linked to our Strategic Plan to embed social value as a keystone to all council activity and
  - c) implement the action plan attached to the report
- 3) That as part of the work of the project group, a social value calculator tool is identified

and purchased to inform decision making, with a maximum budget of £50k  
4) That ESC commissions work from the East of England LGA to carry out a review of procurement processes, and a 'health check' to identify any changes that need to be made to implement the new policy.

## Corporate Impact Assessment

### **Governance:**

A project board will be formed and will report back to members.

### **ESC policies and strategies that directly apply to the proposal:**

- Contract Procedure Rules
- ESC Constitution

### **Environmental:**

The adoption of processes by their nature will improve the Authority's environmental position through improved contractual relations etc.

### **Equalities and Diversity:**

Whilst improved procurement processes won't affect standard terms of equality and diversity it will create a more level and open supply base with opportunities for all which is in keeping with E&D principles

### **Financial:**

Contractual and procurement improvements will likely have a positive financial impact to the authority however there will be a cost to some of the purchases and implementations required which are yet to be defined

### **Human Resources:**

The action plan from the report identifies a possible staff implication in the changes suggested which could be staff increases or restructures which will need an HR input

### **ICT:**

Some of the changes have an ICT impact although these should be minimal as they are primarily software as a service and remotely hosted via cloud solutions

### **Legal:**

Changes to the Contract procedure rules may be required which could have Legal service impact.

Legal will also need to be involved in the setting of policies to ensure they meet the legal frameworks relevant in this area

### **Risk:**

Specific Risks will be managed and identified as part of a project/programme of work However the greater risk to the authority is in not making the changes outlined and thereby continuing with potentially inefficient processes and unmaximized potential for the east Suffolk Area

External Consultees:	N/a
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
<p>A defined strategic direction for the way the council spends its money, with efficient and effective processes and tools to manage this sits firmly under the <b>Maintaining Financial Sustainability</b> theme – specifically the <b>Organisational Design and Streamlining Services</b> area but would impact other threads too.</p> <p>Due to the far-reaching nature of both procurement activity and the social value impacts of the changes proposed aligning with key aspects of <b>Growing our Economies, Enabling</b></p>			

**our Communities and, Caring for Our Environment**, activities in these area were seen as being a by-product of the proposed changes in procurement

Similarly, the improvements delivered by technology and data which are a key aspect of the changes support those themes identified in the **Delivering Digital Transformation** selected

## Background and Justification for Recommendation

### 1 Background facts

- 1.1 In the Summer of 2020, a Motion was passed at a meeting of East Suffolk's Full Council regarding how the authority procures goods, works, and services. The wording of the Motion was as follows:
- "In addition to modifying or enhancing the three priorities in the current East Suffolk Economic Growth Plan that facilitate and signpost businesses towards their own economic growth or encourage inward investment, East Suffolk Council, as an anchor institution, has the opportunity in its revised Delivery Plan to kick start economic recovery through its own procurement policies and via its purchasing decisions to encourage/support local economic recovery and to build overall community wealth within the community through its significant purchasing power.*
- Keeping money in the local economy as a way of driving positive economic and social outcomes is not new and has been championed and promoted by Preston Council since 2012 ('The Preston Model'). Its progressive procurement is now being followed by other councils throughout the UK and the Welsh Government. At its heart is inclusive economic growth. By encouraging anchors, such as Councils, to spend their money locally and socially, the concept of Community Wealth Building has:*
- Developed the skills of local people within Preston and the wider Lancashire area,*
  - Created stable, well-paying jobs,*
  - Reduced levels of in-work poverty,*
  - Kept money circulating in the local economy, and*
  - Demonstrated the power of anchor institutions to realise good local economies for people and place.*
- Therefore, this Motion calls on East Suffolk Council to:*
- 1. Convene a cross party Member/Officer Task and Finish Group, chaired by the Deputy Leader/Cabinet Member with responsibility for Economic Development, and to task it with Investigate Community Wealth Building and embed it into our policies to enhance the quality of life and opportunities for people in East Suffolk*
  - 2. Instigate new procurement policies that drive local economic growth within its Economic Growth and Recovery Delivery Plan and which Identifying where the council spends its budget procuring goods and services, money and how much is leaking out of East Suffolk.*
    - Researching procurement and community wealth building best practice nationally. Reviewing the Council's procurement policies and*

	<p><i>practice,</i></p> <ul style="list-style-type: none"> <li>• <i>Developing proposals for new procurement policies that will deliver a fully compliant procurement service leveraging maximum economic and social benefit for the Council and for residents and businesses of East Suffolk,</i></li> <li>• <i>Reporting back to Cabinet.</i></li> <li>• <i>Leverage maximum local and economic benefit from East Suffolk's spend on goods and</i></li> <li>• <i>services, shifting spend on local and socially responsible suppliers.</i></li> <li>• <i>Encourage and monitor the percentage of suppliers that pay at least or more than the</i></li> <li>• <i>national living wage.</i></li> <li>• <i>Develop the capacity of local business if local suppliers are limited in number.</i></li> <li>• <i>Map where suppliers are located with ward level deprivation data and</i></li> <li>• <i>Develop a social value framework to procurement that promotes local training and</i></li> <li>• <i>employment; supports the long-term sustainability of the VCSE sector; includes democratic forms of ownership such as co-operatives and promotes environmental</i></li> <li>• <i>sustainability.</i></li> </ul> <p>3. <i>Inspire other authorities in Suffolk to take up a similar stance</i></p> <p>4. <i>Encourage other anchor institutions within East Suffolk such as Scottish Power Renewables, EDF Energy, Felixstowe Port etc. to adopt similar this first steps to deliver on a community wealth building approach for long term social and economic gain throughout the District region. "</i></p>
1.2	<p>To respond to the motion, a cross-party task and finish group was commissioned.</p> <p>The work of the group mainly focussed on sections 2 and 3 in the list in section 1.1.</p> <p>The group was made up of members from across East Suffolk, and supported by officers from the procurement, and economic development functions within the council.</p>
1.3	<p>The group met regularly – and reviewed several areas, including:</p> <ul style="list-style-type: none"> <li>• Social value models and how they can be used to understand the impact of the council's spending.</li> <li>• The main features of The Preston Model</li> <li>• Current procurement practises at East Suffolk Council</li> <li>• Legislation relating to procurement – and potential changes in legislation currently undergoing consultation.</li> </ul>
1.4	<p>Based on these meetings, a report and a set of proposals was drafted – and these are attached to this report.</p>

## 2 Current position

2.1

	The Task and Finish Group identified that whilst some of the activities and outcomes outlined in the motion above are happening in East Suffolk, they are ad hoc, informal and benefits were not consistently delivered or recorded.
2.2	<p>Procurement within East Suffolk currently is currently a 'transactional' process – with a focus on purchasing an item at the point of need, rather than identifying ways in which the item could be procured to deliver the council's wider strategy.</p> <p>An example of this is where there is a focus on price. This might mean that a contract is awarded to a bidder from another part of the UK – who succeeded in producing the lowest bid. However, there may be benefits to the local economy of working with a regional supplier (for example, job creation) that outweigh the benefits of a marginal price difference.</p>
2.3	<p>Consideration was also given to the time given under the current system to carry out a procurement. At present, contract tendering might only commence just before an existing contract expires.</p> <p>This late involvement of procurement, or other stakeholders, means that the procurement function could achieve more in terms of meeting the strategic aims of the authority as set out in the Strategic Plan</p>
2.4	<p>Whilst it is inevitable that there will be occasions where the council needs to procure in short timeframes, a more proactive approach is required, that gives the council time to try new approaches, and design more strategic procurement exercises.</p> <p>It is also recognised that procurements carried out by the authority are not as innovative as they could be relying heavily on traditional processes.</p>
2.5	There has also been a new corporate Strategic Plan for East Suffolk developed, which has themes with significant overlap with social value which is not formally integrated into procurement processes in anything but an ad hoc fashion
2.6	The attached report outlines a new approach to procurement in East Suffolk. A series of actions to implement this approach have been attached to the report as an appendix.

### 3 How to address current situation

3.1	<p>The Task and Finish Group have identified four key themes which will improve the procurement offer:</p> <p><b>Supporting the Local Economy</b> – challenging how to better engage the local supply chain and provide opportunities where they can bid more effectively</p> <p><b>Measuring Outcomes</b> – Ensuring we not only have a better of our suppliers and spend but also how suppliers are performing and the value we are achieving.</p> <p><b>Partners</b> – how we can work better with the public, private and third sectors for example standardised policies or documentation, better commercial thinking, use of innovative processes and community led solutions.</p>
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	<b>East Suffolk Commissioning</b> - a new way of procuring that is less linear and time driven and more proactive, with greater emphasis on aspects such as whole life-costing, social value generation, better performance management and in contract innovation.
3.2	A programme of work as defined by the action plan in the attached report has identified tasks required to deliver the suggested improvements, along with measurements to check and measure success.
3.3	Due to the corporate nature of the changes required the suggestion of the Task and Finish Group is that a project board be set up, with a cross departmental project team to deliver the actions identified.

#### 4 Reason/s for recommendation

4.1	Better use of added value, procurement processes, social value and local supply chains could improve the opportunities for those living and working in East Suffolk.
4.2	As a major spender in the local economy, the Council has an ability to local benefit in a way that is not currently fully understood or measured. The proposals in this paper would ensure that this local benefit can be maximised.
4.2	Proposed changes will ensure that local suppliers are able to bid more easily for work with East Suffolk Council.
4.4	A social value measurement tool – such as the Social Value Calculator – will enable ESC to measure the wider benefit of it's spending in areas such as the local economy, and the environment.
4.5	Working with internal and external stakeholders – including members – in a more proactive way, and starting earlier on procurement processes, means that the procurement process will help the council deliver its strategic objectives more easily.
4.6	A cross departmental project will improve the communication between teams, and encourage a more collaborative approach to procurement

## Appendices

### Appendices:

<b>Appendix A</b>	Task and Finish Group Report
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**Background reference papers: None**