

South Lakeland District Council
Cabinet: Wednesday, 21 July 2021
Council: Tuesday, 27 July 2021
Procurement Strategy 2021-2026

Portfolio: Finance and Resources Portfolio Holder

Report from: Section 151 Officer

Report Author: Gillian Flowers – Procurement Specialist

Wards:

Forward Plan: Budget and Policy Framework Decision included in the Forward Plan as published on 17th June 2021

Links to Council Plan Priorities: Working across boundaries; Delivering a balanced community; A fairer South Lakeland; Addressing the climate emergency

1.0 Expected Outcome and Measures of Success

1.1 This report is presented to consider a revised Procurement Strategy. The Strategy sets out how the procurement function will improve through a more strategic approach, balancing the delivery of sustainable outcomes with value for money and reflecting the Council Plan Priorities

2.0 Recommendation

2.1 It is recommended that the Cabinet:-

(1) consider and provide comments on the procurement strategy at Appendix 1 and recommend to Council.

2.2 It is recommended that Council:-

(1) approve the Procurement Strategy at Appendix 1

3.0 Background and Proposals

3.1 The previous procurement strategy was a combined Sustainable Commissioning and Procurement Strategy which was to run from 2013-2018. A temporary revision was made in 2019. Subsequently the Commissioning side of the strategy was separated into its own document and approved by Council in 2020. This Procurement Strategy should be viewed as a companion piece.

3.2 Pressures of the Covid-19 pandemic have reinforced the requirement for the Council to seek Value for Money from their procurement process as well as accountability that we are being fair and transparent in our invitations to tender.

3.3 Strategic Council Plan Priorities mean that there is a shift towards a more holistic view of the outcomes of our procurement, very much taking into account sustainability, net carbon neutrality and localism. Although since Brexit, there is some legislation change to assist with localism, much of how we approach this is down to how we can legally form our invitations to tender, being encouraging to local businesses but not excluding the wider business community where they can still benefit the District.

4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Procurement Strategy 2021-2026
2	Procurement Action Plan 2021-2026

5.0 Consultation

5.1 The Strategy has been shared with the Leadership Team and, in particular, the Strategy Lead Specialist, who compiled the Commissioning Strategy 2020. Subsequently it went to Overview and Scrutiny on 9th July 2021.

6.0 Alternative Options

6.1 The only alternative would be to not adopt an updated strategy. The 2019 version of the Sustainable Commissioning and Procurement Strategy no longer reflects the Council Plan Priorities and the direction of travel with regards to social value and Zero Net Carbon ambitions.

7.0 Implications

Financial, Resources and Procurement

7.1 There are no direct Financial Implications. The Procurement Strategy is a key element in assisting the Council to deliver value for money and financial sustainability and to support the Contract Procedure Rules in ensuring the Council delivers sound corporate governance including openness, integrity and accountability.

Human Resources

7.2 There are no HR implications

Legal

7.3 The Council is subject to the best value duty in s.3(1) Local Government Act 1999 – to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy efficiency and effectiveness.

7.4 Pursuant to the Public Services (Social Value) Act 2012 the Council must also consider, at the pre-procurement stage, how the services being procured might improve the economic, social and environmental wellbeing of an area and how it might secure that improvement through the procurement process itself.

7.5 In December 2020 the Government launched a consultation on its Green Paper 'Transforming Public Procurement' - the aim of the proposals in the paper is to speed up and simplify procurement processes, placing value for money at its heart and creating opportunities for small business, charities and social enterprises to innovate in public service delivery. One of the proposals is to consolidate the existing regulations relevant to public procurement (Public Contracts Regulations 2015; Utilities Contracts Regulations 2016; Concession Contracts Regulations 2016) into one single comprehensive set of rules. The outcome of the consultation (which closed in March 2021) is awaited.

7.6 On 15 December 2020, the Cabinet Office published Procurement Policy Note 11/20 which (with effect from 01 January 2021) enabled contracting authorities in certain circumstances to reserve contracts to local suppliers, SMEs or both. Non-central government authorities are 'encouraged to apply the principles' in the PPN, which is applicable for local authorities only where dealing with below threshold contracts (i.e.

£189,330 for services/suppliers). The EU-UK Trade Cooperation Agreement requires Page 76that such measures should not result in less favourable treatment for EU based suppliers who are based in the UK (or a relevant county) than that afforded to UK based (or county-based) suppliers.

- 7.7 Furthermore, s.17 Local Government Act 1988 (LGA 1988) states that when making procurement decisions, local authorities must not take into account non-commercial considerations including ‘the location in any country or territory of the business activities or interests of contractors.’ There is a ‘Social Value Exception’, whereby bidders may be excluded on the basis of location where the local authority considers it expedient or necessary to do so to facilitate compliance with section 1 of the Public Services (Social Value) Act 2012 – i.e. where to do so would improve social, economic and environmental wellbeing of the area.
- 7.8 In June 2021 a new National Procurement Policy Statement was published setting out strategic priorities for public procurement. The strategic national priorities broadly include: social value; commercial and procurement delivery; and skills and capacity for procurement. With regard to ‘social value’, the NPPS provides that contracting authorities are now required to “consider” the following outcomes in their procurement activities: creating new businesses, new jobs and new skills; tackling climate change and reducing waste, and improving supplier diversity, innovation and resilience. Local authorities should “have regard” to these priorities where it is “relevant to the subject matter of the contract and it is proportionate to do so”.
- 7.9 In respect of commercial and procurement delivery, the NPPS states that “all contracting authorities should consider whether they have the right policies and processes in place to manage the key stages of commercial delivery.” Some of the examples listed for consideration include: the publication of procurement pipelines; market health assessments; delivery model assessments (also known as Make versus Buy); pilots; KPIs; risk allocation and assessing the economic and financial standing of suppliers.
- 7.10 The NPPS also states that “all contracting authorities should consider their organisational capability and capacity, with regard to the procurement skills and resources required to deliver value for money”. They should be “confident they have sufficient capacity and capability to ensure tax payers’ money is spent effectively and efficiently.” Where gaps are identified then authorities should “plan now how to fill these”, whether that be via internal appointments or external collaboration/purchasing. In addition, authorities should consider benchmarking themselves annually against relevant commercial and procurement operating standards and other comparable organisations.
- 7.11 Councils will be required to “have regard” to the strategic national priorities as set out above.

Health and Sustainability Impact Assessment

- 7.12 Have you completed a Health and Sustainability Impact Assessment? No
- 7.13 If you have not completed an Impact Assessment, please explain your reasons: Not Applicable
- 7.14 Summary of Health and Sustainability Impacts

		Positive	Neutral	Negative	Unknown
Environment and Health	Greenhouse gases emissions	X			
	Air Quality				X
	Biodiversity				X
	Impacts of Climate Change	X			
	Reduced or zero requirement for energy, building space, materials or travel	X			
	Active Travel				X
Economy and Culture	Inclusive and sustainable development		X		
	Jobs and levels of pay				X
	Healthier high streets				X
	Culture, creativity and heritage				X
Housing and Communities	Standard of housing				X
	Access to housing				X
	Crime				X
	Social connectedness				X

Equality and Diversity

7.15 Have you completed an Equality Impact Analysis? No

7.16 If you have not completed an Impact Analysis, please explain your reasons: Not applicable

7.17 Summary of Equality and Diversity impacts

Please indicate: P = Positive impact; 0 = Neutral; N = Negative; Enter "X"					
Age	P		0	X	N
Disability	P		0	X	N
Gender reassignment (transgender)	P		0	X	N
Marriage & civil partnership	P		0	X	N
Pregnancy & maternity	P		0	X	N
Race/ethnicity	P		0	X	N
Religion or belief	P		0	X	N
Sex/gender	P		0	X	N
Sexual orientation	P		0	X	N
Armed forces families	P		0	X	N

Rurality	P		0	X	N	
Socio-economic disadvantage	P		0	X	N	

Risk Management	Consequence	Controls required
Not having a current Procurement Strategy	Disconnect between Procurement	Ensure a relevant and up to date Strategy is in place.

Contact Officers

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Background Documents Available

Name of Background document	Where it is available
None	

Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	22/6/21	29/6/21
Monitoring Officer	22/6/21	29/6/21
CMT	22/6/21	29/6/21

Circulated to	Date sent
Lead Specialist	29/6/21
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	26/6/21
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	21/7/21
Council	N/A