

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	14 July 2020
Title	Procurement Strategy 2020-24		
Report of	Director of Corporate Services		
Purpose of Report			
To seek approval of the Procurement Strategy and action plan for 2020-2024.			
Key Decision (Y/N)	Y	Date of Notice	15 06 20
		Exempt (Y/N)	N

Report Summary

The report seeks approval of a revised strategy and action plan for procurement to cover the next four years. Whilst the strategy maintains a focus on value for money in procurement decisions, it also sets out the importance of the Council's procurement to the local economy and an ambition to maximise expenditure with local organisations, enhance community wealth building and seek increased social value from spending decisions.

Recommendation of Councillor John Reynolds

1. Cabinet adopt the Procurement Strategy and action plan for 2020-2024.

Relationship to Policy Framework

The Procurement Strategy will assist in the delivery of the Council's recently adopted priorities.

An Inclusive and Prosperous Local Economy

- *advocating for fair employment and just labour markets that increase prosperity and reduce income inequality*
- *supporting new and existing enterprises in sustainable innovation and the strengthening of local supply networks*

The objectives set out in the Procurement Strategy cover the maximisation of social value benefits. This will include incorporating adoption of fair work charter in the evaluation criteria. The objectives also set out how the Council will support local businesses and this will include developing local frameworks and supply chains.

A Sustainable District

- *net zero carbon by 2030 while supporting other individuals, businesses and organisations across the district to reach the same goal*

Minimisation of environmental impact will be incorporated into evaluation criteria.

A Co-operative, Kind and Responsible Council

- *providing value for money and ensuring that we are financially resilient and sustainable*

The objectives set out in the Procurement Strategy cover maximising value for money as well as delivering wider economic, environmental and social outcomes.

In addition to assisting the delivery of priorities, the Procurement Strategy will focus on the key corporate themes of Climate Emergency and Community Wealth Building via the adoption of relevant measures to be included in evaluation criteria.

Conclusion of Impact Assessment(s) where applicable

Climate ✓	Wellbeing & Social Value ✓
Digital	Health & Safety
Equality	Community Safety

Details of Consultation

The action plan details consultation that will take place with local businesses as the Procurement Strategy actions are rolled out.

Legal Implications

The adoption of the Procurement Strategy will inevitably result in changes to Standing Orders relating to Contracts and Financial Regulations in order to incorporate social value considerations into spending decisions.

Financial Implications

There are no direct financial implications arising from this report which covers approval of a Procurement Strategy. However, as the strategy indicates, the Council will spend around £19m on goods and services in 2020/21 and therefore effective procurement decisions will secure value for money from Council expenditure as well as the delivery of wider economic, social and environmental benefits.

Other Resource or Risk Implications

It will be necessary to provide support to budget holders in order to maximise benefits from more proactive procurement. The action plan includes the development of a procurement toolkit including measures to show improved outcomes.

Section 151 Officer’s Comments

The s151 Officer has contributed to the writing of this report and to the development of the Procurement Strategy.

Monitoring Officer’s Comments

The Contract Procedure Rules and Financial Procedure Rules were not subject to the Council’s Constitutional review in 2019. The power to amend both the Contract Procedure Rules and the Financial Procedure Rules lies with Audit Committee.

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Links to Background Papers

Procurement Strategy (2020-2024) and action plan is appended to the report.

1.0 Introduction

1.1 The Procurement Strategy and action plan will reset and implement the Council's objectives with respect to procurement over the next four years. Crucially, the strategy sets out key principles which will enable to the Council to buy local more often whilst maintaining a focus on value for money. This will be achieved by introducing the measurement of social value, particularly in relation to the climate emergency and local community wealth building, as part of the procurement assessment process.

2.0 Background

2.1 In January 2020, Council adopted revised priorities which place an emphasis on addressing the climate emergency, declared a year earlier, as well as community wealth building. Additionally, the Government, in its National Procurement Strategy, has highlighted the importance of driving community benefits particularly in relation to local economic, social and environmental well-being.

2.2 The revised Procurement Strategy responds to the local and national priorities in order to ensure that future spending decisions maintain good value for the taxpayer whilst delivering wider local economic, social and environmental benefits.

2.3 The Strategy sets out the following key objectives:

- Support long term financial sustainability of the Council by ensuring Value for Money via efficient; effective; transparent, legally compliant and equitable procurement activities.
- Maximise social value benefits from procurement activities by ensuring that the climate emergency and community wealth building measures are included in procurement assessments.
- To support local businesses to bid, win and deliver Council contracts.
- To adapt and respond to the changing landscape of Local Government.

2.4 In order to achieve the above objectives, an action plan has been developed. It includes changes that will be required to standing orders relating to contracts and financial regulations; these changes will have to be considered by Audit Committee. It also includes the development of a toolkit which covers the full procurement cycle from identifying need, to selecting a supplier and recognising the procurement benefits including wider economic, social and environmental outcomes.

3.0 Options and Options Analysis (including risk assessment)

Option 1: Cabinet endorse the Procurement Strategy and action plan.
Advantages: This will allow early adoption and completion of the action plan which will enable more pro-active procurement which supports the delivery of wider community benefits which address the climate emergency and community wealth building aspirations.
Disadvantages: None identified.
Risks: Potential for sub-optimal procurement decisions if processes for incorporating social value are not clear and consistent.
Option 2: Do not agree the Procurement Strategy and action plan.
Advantages: No changes to existing processes which are well established which focus on cost and quality (but not social value) and make use of national frameworks to deliver a combination of low cost and quality.
Disadvantages: Council will miss out on opportunity to address key corporate themes including climate emergency and community wealth building in procurement decisions and the wider social, economic and environmental benefits which would accrue from their incorporation in the assessment process.
Risks: Council may be assessed as not meeting its own corporate priorities and those set out in the National Procurement Strategy.

4.0. Officer Preferred Option (and comments)

- 4.1 The officer preferred option is Option 1. Approval of the Procurement Strategy will allow for the action plan to be implemented which will deliver a more proactive approach to procurement and demonstrable improvements in social value arising from expenditure decisions.