

COUNCIL

Procurement Strategy 2020-2024 16 December 2020

Report of Cabinet

PURPOSE OF REPORT

To seek approval of the Procurement Strategy for 2020-2024.

Key
Decision

Non-Key Decision

Referral from Cabinet
Member

Date of notice of forthcoming
key decision

This report is Public

RECOMMENDATION OF CABINET

That Council:

- (1) Adopt the Procurement Strategy for 2020-2024.

1.0 INTRODUCTION

- 1.1 Cabinet considered the report of the Director of Corporate Services at its meeting on 14 July 2020.
- 1.2 The Procurement Strategy 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 PROPOSAL DETAILS

- 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 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, changes are required to the Council's contract procedure rules. These were updated and approved by the Audit Committee on 25 November 2020. The strategy 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.
- 2.5 The draft Procurement Strategy is included at **Appendix A** of this report.

3.0 CONSULTATION

- 3.1 The Council's Constitution requires that when a new or existing strategy is being considered, the Overview and Scrutiny Committee or Budget and Performance Panel have an opportunity to comment. If it considers it appropriate, Cabinet may then amend its proposals before submitting them to Council for consideration.
- 3.2 Budget and Performance Panel considered the Procurement Strategy at its meeting 01 December 2020 and did not make any comments requiring reconsideration or amendment of the strategy by Cabinet.

4.0 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

Option 1: Council adopts the Procurement Strategy.
Advantages: This will allow early adoption 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.
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.

5.0 OFFICER PREFERRED OPTION (AND COMMENTS)

- 5.1 The officer preferred option is Option 1. Approval of the Procurement Strategy will deliver a more proactive approach to procurement and demonstrable improvements in social value arising from expenditure decisions.

6.0 CONCLUSION

- 6.1 The Procurement Strategy covers 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.

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

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

LEGAL IMPLICATIONS

There are no direct legal implications arising from this report. In the event of the adoption of the Procurement Strategy and the effect on the diversity of the supply chain, legal will be able to advise upon the suitability of any standard contracts used in procurement, having regard to the size of the businesses involved.

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 IMPLICATIONS

It will be necessary to provide support to budget holders to maximise benefits from more proactive procurement. Any action plan would include 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

Any changes to the Contract Procedure Rules and Financial Procedure Rules that may flow from this are a matter for Audit Committee

BACKGROUND PAPERS

Cabinet 14-07-20

[Agenda for Cabinet on Tuesday, 14th July 2020, 6.00 p.m. - Lancaster City Council](#)

Budget & Performance Panel 01-12-20

[Agenda for Budget and Performance Panel on Tuesday, 1st December 2020, 6.00 p.m. - Lancaster City Council](#)

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