

Procurement Strategic Framework and Revised Standing Orders

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| Strategic Director: | Nicola Hix, Director, Strategy and Support Services |
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Purpose of the Report

1. To present the following draft suite of procurement documents to members for adoption:
 - Revised Contract Standing Orders
 - Procurement Strategy
 - Social Value Policy
 - Contract Management Framework

Public Interest

2. Procurement is the process of acquiring goods, works and services from third parties.
3. In 2021, the total procurement spend for SSDC was just under £19.2million so even small cost reductions can have a big impact. Therefore, it is important to have clear plans and guidance in place in relation to the Council's procurement process to help the Council achieve optimum value for money for the public purse from the procurement process, including contract management.
4. Procurement can assist Council's to achieve better outcomes for their residents.
It can deliver benefits to our communities and local economy through specifying additional social value and engaging with local companies and voluntary sector groups.
5. The Council is required by law to have procedure rules (known as Contract Standing Orders) to ensure competition and regulate the procurement process.

Recommendations

6. That Full Council agree to:-
 - a. Adopt the following procurement documents:
 - Revised Contract Standing Orders
 - Procurement Strategy
 - Social Value Policy

and update the Council's Constitution accordingly.

- b. Delegate authority to the Monitoring Officer in consultation with the Portfolio Holder to make minor amendments to the Contract Procedure Rules, provided any such amendments are reported to the next appropriate meeting of Council.

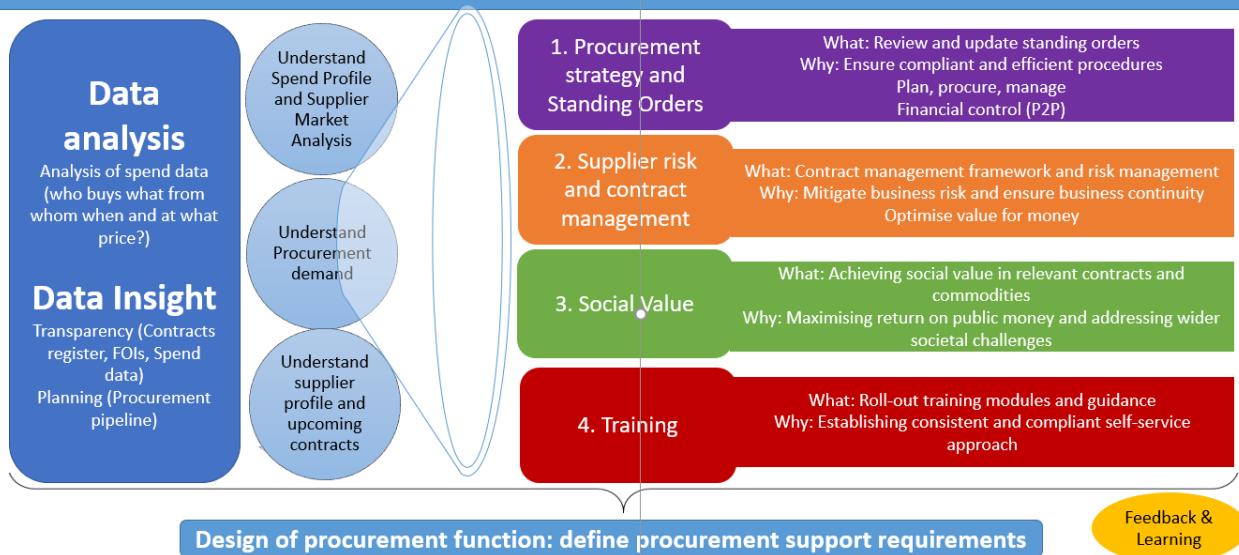
Background

7. In 2018 the Local Government Association (LGA) published a revised National Procurement Strategy (NPS). The national strategy provides guidance and a toolkit to assist local authorities to develop their own procurement competencies in order to achieve better outcomes for their residents at a time when obtaining value for money and 'doing more for less' is increasingly important. Adopting good practice identified through engagement with the South West Procurement Board and neighbouring authorities, a series of approaches and interventions have been developed and implemented since 2018. These tactical and strategic approaches have enabled SSDC's procurement delivery, progressed the authorities compliance position and alignment to the national procurement strategy. The suite of documents supporting this paper now seek to formally embed these approaches as well as set out the next stage of the roadmap to align with the identified themes in the NPS 2018.
8. This suite of documents articulates how the Council's procurement function operates in compliance with the Public Procurement Regulations 2015 (PCR2015), Transparency requirements and the Social Value Act 2012, as well as supporting the delivery of our corporate objectives and key strategies.

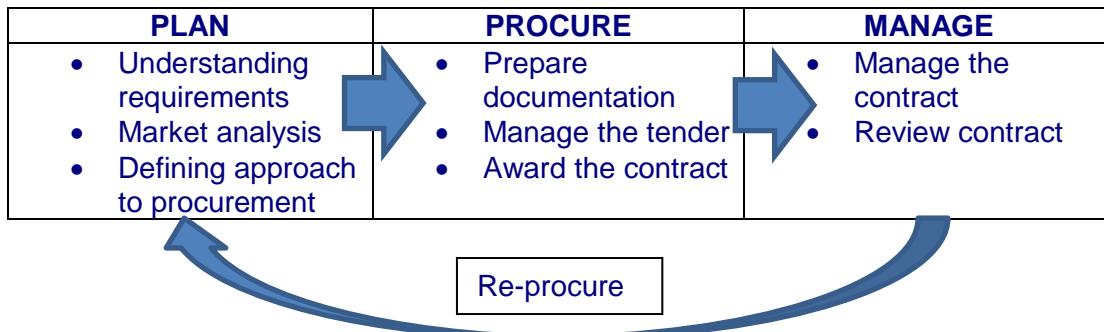
Report Detail

9. The suite of documents establishes the parameters and guidance for how procurement operates at SSDC and how as an authority we are embedding the principles of good practice set out in the NPS 2018 and supporting delivery of the corporate objectives. Formal approval of this framework is now sought to enable us to move into the training phase of the roadmap.
10. The table below summarises the framework that officers have developed. The key features of each of the framework documents are detailed below and attached in full as appendices.

- Procurement strategy Contract procedure rules Social Value strategy Contract management framework**
1. Refresh, simplify and embed effective and compliant procurement processes in line with emerging legislative framework
 2. Develop a risk-based approach to contract and strategic supplier management
 3. Embed approach to Social Value through procurement in support of the Recovery Strategy
 4. Building SSDC competence and capability throughout the commercial lifecycle to support a self-service approach



Key features of the revised Contract Standing Orders



11. The document sets out the legal and regulatory parameters that Officers must operate to and provides a framework for procurement activity based on value, complexity and risk of individual procurement activity. Typically, the greater the value, complexity and risk, the more important a project or programme will be and the more robust and rigorous a process is required to successfully set up, procure and manage contracts relating to it.
12. Below the PCR2015 thresholds (for Goods and Services, the current PCR2015 threshold is £189,330 and it is £4,733,252 for Works contracts), there will be flexibility on the requirements from bidders depending on the value, complexity and risk of the contract. This will be agreed in consultation with the Procurement Specialist.
13. Key Officer responsibilities are made clear across the procurement lifecycle. Specific guidance and training to support Officers is being developed and refined following feedback during Q3 2021. There are three strands to the training and guidance:

- a. Upskilling the specialist procurement team, including the Procurement Specialist new to the post, and the supporting Case Officers that will partner with specific business areas to provide focused procurement support
- b. General upskilling to support the self-service model. The default approach to procurement activity will be self-service supported by the procurement specialist staff where required and based on value, complexity and risk of the procurement activity.
- c. Developing a focus on contract management capability across SSDC organisation is an important tool in delivering value from existing contracts which will be a key requirement moving into Local Government Reorganisation.

Procurement Strategy

14. The draft procurement strategy sets out our vision and our priorities for the period leading to the formation of a new Authority. The Procurement Strategy:

- incorporates the latest government procurement legislation and initiatives
- brings a focus to the objective of providing quality services that support the delivery of strategic priorities
- enables responsiveness to the needs of our communities
- enables delivery of optimum value for money.

15. The strategy articulates and seeks to formalise existing practice as well shaping an action plan for the forthcoming year. This action plan will be reviewed by the Lead Specialist – People Performance and Change and the Procurement Specialist on a quarterly basis and will be amended to respond to any emerging changes through local government reform or procurement legislation.

16. The key aims of the procurement strategy are to:

- Refresh, simplify and embed effective and compliant procurement processes to support strong commercial outcomes and risk management.
- Embed contract and strategic supplier management: working with internal and external partners, and strategic suppliers to deliver more efficient and effective commercial outcomes.
- Embed approach to Social Value by developing enabling activity.
- Develop SSDC competence throughout the commercial lifecycle to support a self-service approach.

17. To enable delivery of our self-service model, procurement business partnering is being introduced to support directorates, and officers will be trained to the required level of competency.

18. Social value is about improving economic, social and environmental wellbeing from SSDC contracts over and above the delivery of the services directly required at no extra cost. Used properly, additional social value can be beneficial to local stakeholders, suppliers and councils and represents a joint effort to exploit maximum value from procurement. This can bring direct benefits to the South Somerset economy, local communities and the environment.
19. Councils that have fully included social value requirements have shown it is possible to generate up to 20 per cent added value on top of contract value by way of direct community benefits. This added value is measured quantitatively using a national framework of measures which is aligned to the Government Green Book. The South Somerset Social Value Policy adopts this methodology in seeking to bring these direct benefits to South Somerset.

Key Features of the Social Value Policy:

20. The draft Social Value policy seeks to promote the following aims through South Somerset's procurement activity:
- Support the future prosperity of South Somerset, its businesses and all its citizens
 - Enhance social opportunity and cohesion in a dynamic and changing business environment
 - Help to develop improvements for disadvantaged neighbourhoods and people
 - Create and maintain a sustainable, clean, safe and attractive environment for living, work and leisure
21. Delivery of the draft Social Value policy will support all five Themes of the Council Plan and in particular the ambition to "Embed Social Value into all processes and activities to ensure we maximise the support we give to our communities".
22. The Council will periodically review its Social Value Policy in consultation with key stakeholders. In doing so it will take into account any changes in legislation pertaining to the Social Value Act 2012, Public Contracts Regulations and the Council Plan.

Contract Management Framework

23. A significant level of the organisation's budget is spent on external third-party service providers.
24. The reliance and dependency on external market solutions has increased and therefore, the performance of these supply markets is vital to council in achieving its strategic aims both in terms of service quality and managing and balanced budget.
25. Public Sector contracts are increasing in commercial complexity and size typically this increased contract duration and sourcing difficulties. Managing commercial relationships



South Somerset

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is a vital competence to ensure that quality, service and cost outcomes are met or exceeded.

26. The framework aims to:

- To embed a consistent, risk based approach to Contract Management across the organisation that can be applied to all external third-party relationships.
- To increase awareness of contract management activity and its contribution to the organisations future agenda by:
 - a. Developing a culture of continuous improvement internally and across the supplier base;
 - b. Enabling contract managers to understand how they can contribute to securing benefits such as sustainability or better local economic, social and environmental benefits (social value) and savings;
 - c. Ensuring that there is a strong linkage between commissioning strategies incorporating good procurement and contract management practices across the business.
- To recognise the distinctive commercial skills and capabilities that good contract management requires and ensure these are embedded as business as usual and factored into new business activity.
- To provide the necessary guidance and training on contract management processes.

27. This framework and its deployment across the Organisation will be owned and managed by the Procurement Function, with sponsorship and executive oversight by Director of Strategy & Support Services.

28. Following feedback from Senior Leadership Team, it was agreed that Contract Management should have an increasing focus and prioritisation with respect to upskilling in the organisation. As a result of the Local Government Review decision, there will be a reduction in tender activity in the coming period and SSDC will need to ensure that existing contracts continue to offer value for money. A plan for delivering a contract management training programme has now been developed and is summarised below:

- Using our Contract Management Framework those contracts classified as Gold or Silver have been reviewed and contract managers identified. These contract managers will be invited to complete an internal SSDC introductory course in contract management and will also be supported in completing the accredited Cabinet Office Contract Management Foundation course during quarter 3, 2021.
- The training programme for the Procurement team has now commenced and the team are upskilling across the Plan, Procure and Manage stages of the Procurement Cycle. The Plan, Procure and Manage stages within the CSO's will accordingly be supported by training and guidance materials. The guidance will reflect SSDC requirements for delivery of procurement activities across the lifecycle and will be delivered in quarter 3, 2021.

Summary

29. The documents will be kept under periodic review to address any changes required during the period of Local Government Reform and the UK withdrawal from the EU.
30. The documents will have a shelf life aligned to the programme of transfer to the new authority.

Financial Implications

31. There are no new financial implication arising from this report. The training requirements of the Procurement Function will be met from existing budgets.

Legal implications (if any) and details of Statutory Powers

32. Revised Contract Standing Orders will need to be incorporated within SSDC Constitution, when approved.
33. Contract Standing Orders will be kept under review to respond to any legislative changes following UK withdrawal from the EU.

Council Plan Implications

34. The adoption of procurement framework documents supports the following Council Plan priority areas:
 - To ensure a modern, efficient and effective council that delivers for its communities,
 - To assist businesses to recover from the Covid-19 pandemic whilst supporting growth within the South Somerset economy

Carbon Emissions and Climate Change Implications

35. No implications directly related to this report.

Equality and Diversity Implications

36. Equalities Impact Relevance Check completed.

Privacy Impact Assessment

37. Not applicable.

Background Papers

38. Not applicable



- Revised Contract Standing Orders
- Procurement Strategy and related Appendix 2 Procurement Spend Analysis 2020-2021
- Social Value Policy
- Contract Management Framework