

North Tyneside Council

Report to Cabinet

Date: 27 March 2023

Title: Procurement Plan 2023/2024

Portfolio: Finance and Resources	Cabinet Member: Councillor Martin Rankin
Report from Service Area:	Commissioning and Asset Management
Responsible Officer:	Mark Longstaff Director of Commissioning and Asset Management Tel: (0191) 6438089
Wards affected:	All wards

PART 1

1.1 Executive Summary:

The Authority undertakes a wide variety of duties and delivers a vast range of services to the people of North Tyneside via third parties. In turn, this means that the Authority continues to spend a significant proportion of its budget on goods and services.

In accordance with Contract Standing Order 8(5), as the procurements identified in Appendix 1 will exceed individually £500,000, this report seeks approval to proceed with relevant procurement exercises for the procurements identified throughout the 2023/24 financial year. It also seeks delegated authority to be given to relevant Directors to award contracts in accordance with UK public procurement legislation to the most advantageous tenders. This will ensure contracts are procured efficiently and at the same time ensure value for money is achieved.

1.2 Recommendations:

It is recommended that Cabinet:

- 1) approve the procurement of the goods and services as detailed in Appendix 1 of this report;
- 2) delegate authority to the relevant Director in consultation with the relevant Cabinet Member, Director of Resources and the Head of Law to commence the procurements identified and award contracts to those bidders who submit the most advantageous tenders in accordance with UK public procurement legislation;
- 3) receive and note the Social Value Update for the period April 2022 to March 2023 attached to this report at Appendix 2.

1.3 Forward Plan:

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 20 January 2023.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2021 - 2025 Our North Tyneside Plan. The plan features five themes that reflect priorities aimed at creating a North Tyneside that is thriving, family-friendly, caring, secure and green. The thriving policy priority includes:

- We will review how the Council purchases and contracts for goods and services to maximise value for money, social value and environmental sustainability.

1.5 Information:

1.5.1 Background

The Authority continues to spend a considerable sum on third party goods and services. The Authority's Constitution requires that prior to any procurement commencing which exceeds £500,000 Cabinet approval must be obtained. Once the Authority's budget was approved by full Council on 16 February 2023 the third-party requirements of the Authority became known. The procurement exercises which will commence in the financial year 2023/2024 have been identified and are set out at Appendix 1 to this report.

When procuring services, the Authority is obliged to consider how what is being procured might improve the economic, social and environmental well-being of the borough and how it might secure that improvement as part of the procurement process. This is what is meant by 'Social Value'.

The Authority has sought Social Value within its procured contracts since the implementation of the Public Services (Social Value) Act 2012. However, by its adoption of the Procurement and Commercial Strategy the Authority has strengthened how it works with its suppliers in the joint delivery of Social Value. Environment, Social and Governance (ESG) suppliers are already obliged to deliver Social Value so as to minimise the impact they have on the environment and maximise benefits to the local economy. Through its Procurement and Commercial Strategy, the Authority ensures that it aligns itself with the private sector and by doing so ensures the joint delivery of Social Value within the Borough.

Following the adoption of the Council Plan for 2021-2025, the Authority updated its Social Value priorities in March 2022 and these priorities are contained within the Authority's Procurement and Commercial Strategy for 2022-2025. A pilot exercise is being undertaken to help develop a process utilising the contract management toolkit as part of the procurement and contract management activity. The Authority's Social Value priorities and subsequent outcomes used to measure Social Value follow the priorities within the Our North Tyneside Plan: Thriving, Family Friendly, Secure, Caring and Greener.

1.5.2 Procurement Process

The Authority adopted its Procurement Strategy in March 2022. Utilising the Social Value principles within the Procurement and Commercial Strategy, the Authority will continue to

gain commitments from suppliers which align with the policy priorities of the Mayor and Cabinet. This will include a greener target embedded approach to support the Authority's target to be carbon net-zero by 2030. The Authority's tendering process will be streamlined, and better information will be provided to the market. Where appropriate, lower value tenders will be issued. The Authority is seeing an increase in the number of Small and Medium Enterprise's (SME's) and local suppliers that it procures with. The procurement exercises due to commence in 2023/24 will continue to give SME's and local suppliers the chance to work with the Authority, again enabling and encouraging smaller businesses. Working with the Business Forum and the North East Procurement Organisation (NEPO), bespoke workshops will be developed to support SME's. The principles set out in the Authority's Responsible Procurement Charter will be embedded in the tender requirements.

The relevant service area will develop tender packages and robust specifications to ensure that the Authority is protected in terms of financial and commercial risk. The duration of the contract will be considered to help shape new and emerging markets; lessons learned from any previous contracts will be considered when developing the tender package. Relevant existing frameworks will be explored if appropriate to the contract. Collaborative regional working will be explored if appropriate to the contract. The contract award criteria will be developed considering social value as appropriate.

1.5.3 Consultation

Consultation prior to commencing a procurement with the relevant Cabinet Members is key, as this will ensure that the Authority's priorities are achieved through its contracting arrangements. The Authority's finance team will be engaged to identify any budgetary risks associated with the delivery of the service and any potential mitigations. Its legal team will review the terms and conditions for each procurement to ensure the Authority mitigates any commercial risk. Consultation and engagement with the market and any relevant associations will take place to ensure that the offer to the market is attractive and that a market exists to deliver the goods and services.

1.5.4 Award of contracts

An evaluation team consisting of subject matter experts and the procurement team will evaluate each bid received against the published award criteria and in accordance with UK public procurement legislation. Prior to award of any contract the evaluation result will be provided to the relevant Director of Service to approve the award together with financial assurance that the contract value will remain within existing budgets.

1.5.5 Social Value

The Authority updated its Social Value priorities in March 2022. Work is ongoing to develop a process utilising the contract management toolkit as part of the procurement and contract management activity. The Authority's Social Value priorities and subsequent outcomes used to measure social value follow the priorities within Our North Tyneside Plan: Thriving, Family Friendly, Secure, Caring and Greener.

Social Value requirements have been an important aspect of the procurement process since the implementation of The Public Services (Social Value) Act 2012, and this has directly resulted in benefits for communities across the borough. It has proven a challenging task however, to ensure that the commitments made through the procurement process are upheld throughout the contract period. Work is currently being undertaken to ensure that Social Value is monitored and measured effectively through

the Authority's contract management toolkit. The Authority's contracted suppliers will each have their own corporate social responsibility approaches; through contract management the Authority will work with them to help shape their social value objectives towards policy priorities of the Mayor and Cabinet.

Social Value gained for the Borough will be monitored and reported to Cabinet as a minimum on an annual basis. Appendix 2 of the report provides Cabinet with a Social Value Update for the period April 2022 to March 2023.

1.5.6 Social Value Commitments

Social Value commitments made by contractors and suppliers have been closely reviewed this year. Initially, historic Social Value offers were discussed with the Authority's suppliers and contractors, specifically where due to the pandemic, Social Value commitments had been delayed or cancelled. The Procurement/Commercial Team worked closely with both North Tyneside VODA and the North Tyneside Learning Trust to identify voluntary groups, schools and local organisations who could benefit as a result from the supply chain social value commitments.

Since March 2022, the updated Social Value Matrix has been piloted in 35 procurement projects across all service areas to ensure the measures are appropriate and enable the Authority to engage with its supply chain and review feedback on the Authority's procurement process. Each of these procurement projects required at least one greener commitment to be made. The commitments made by the successful contractors are monitored across the contract period through a contract management toolkit.

Recently Social Value presentations have been held with suppliers and potential suppliers which has encouraged suppliers to gain further knowledge of Social Value and to identify specific local organisations that they could help whilst potentially improving their Social Value responses when applying for tenders locally and nationwide. The Procurement/Commercial Team will continue to engage with the Authority's Contractors and Suppliers during the 2023/2024 financial year.

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations set out in paragraph 1.2 to carry out the necessary procurement exercises during the 2023/2024 financial year.

Option 2

Cabinet may not approve the recommendations and continue to consider individual reports for each package of works and/or services. This may delay implementation of essential services and works being carried out.

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended for the following reasons:

The Authority has a duty to obtain value for money. Tendering the opportunities identified in the report will meet the priorities contained within the Procurement Strategy and the Our North Tyneside Plan.

1.8 Appendices:

Appendix 1: Procurement Plan March 2023-2024

Appendix 2: Social Value Updates March 2023

1.9 Contact officers:

Mark Longstaff – Director of Commissioning and Asset Management. Tel 0191 6438089

Sarah Heslop – Head of Commercial and Procurement. Tel 0191 6435456

Rosie Duerdin – Commercial Assistant. Tel 0191 643 7717

David Dunford – Senior Business Partner, Strategic Finance. Tel 0191 643 7027

1.10 Background information:

There are no background papers.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The procurement of suppliers and contractors to complement the Authority's delivery needs is a critical part of the process to enable the successful delivery of key services.

The budgets to pay for the costs of suppliers of goods and services are provided for either via the Housing Revenue Account, the General Fund or the Capital Investment Plan.

2.2 Legal

The procurements shall be carried out in compliance with the Authority's Contract Standing Orders and Public Procurement Regulations 2015 and all other procurement legislation that may be enacted or in force from time to time, including the Public Services (Social Value) Act 2012 and the Public Contracts Regulations 2015.

At the conclusion of the procurement exercise, the bids will be fully evaluated, and the delegated decision to enter into contracts with successful bidders will be taken having regard to the principles of decision-making set out in Article 13 of the Authority's Constitution and such decisions will be properly recorded.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has been carried out with Cabinet Members and the Senior Management Team.

2.3.2 External Consultation/Engagement

Consultation will take place with relevant business associations regarding the tender opportunities. Where appropriate market engagement events will be undertaken prior to the tender process commencing.

2.4 Human rights

There are no human rights issues directly arising from this report. Any potential implications will be considered before a decision is taken.

2.5 Equalities and diversity

There are no equality and diversity issues which arise directly from this report. Equality and diversity issues will be assessed when developing the individual service specifications and before a decision to award individual contract is taken.

2.6 Risk management

Any risk management issues are included within the Authority's risk register and will be managed by this process.

2.7 Crime and disorder

There are no crime and disorder issues directly arising from this report.

2.8 Environment and sustainability

Where appropriate tenderers will be obliged to commit to social value outcomes including, for example, carbon reduction and recycling to support the Carbon Net-Zero 2030 Action Plan.

PART 3 - SIGN OFF

- Chief Executive X
- Director of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Assistant Chief Executive X