

North Tyneside Council

Report to Cabinet

Date: 28 March 2022

Title: Procurement and Commercial Strategy

Portfolio(s): Finance and Resources	Cabinet Member(s): Councillor 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 current Procurement Strategy is due for renewal. The refreshed Procurement and Commercial Strategy (the 'Strategy') is set out at appendix 1, it is aligned to the Authority's priorities taking into account both the local and national context. The revised Social Value priorities are set out within the Strategy and will secure measurable benefits to the residents through the Authority's supply chain.

The current Procurement Strategy 2017-2021 has been reviewed and evaluated, following extensive engagement. The Strategy sets out to define how the Authority's substantial spend with external suppliers of goods, works and services should be procured and managed effectively. The strategy aims to set out the Authority's strategic ambition and its policy context taking into consideration what the Authority procures.

This Strategy is an important part of delivering the 'Our North Tyneside' Plan. The Authority recognises that what and how the Authority buys can have a major impact on the Borough and the people that the Authority serves. The Authority also recognises that procurement decisions are central to the way in which it does business, and it is therefore critical that its procurement approach matches and supports the key objectives of the Authority as set out in the Council Plan.

1.2 Recommendation(s):

It is recommended that Cabinet:

- 1) approve the Procurement and Commercial Strategy 2022-2025 as set out at appendix 1;
- 2) approve the Responsible Procurement Charter as set out at appendix 2;
- 3) approve the approach to social value as set out at paragraph 1.5.2 of the report; and
- 4) agree to receive bi-annual reports setting out the Authority's Procurement Plan and reporting the benefits secured through social value.

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 18 February 2022.

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:

The Procurement and Commercial Strategy 2022-2025 sets the framework in which the Authority will work to ensure that procurement delivers value for money and contributes to the achievement of the Authority's priorities.

The Authority is committed to developing relationships with good employers who reflect the Authority's own values of 'We Care, We Listen, We are Good Value for Money, and We are Ambitious' and the principles of fairness, transparency and integrity in procurement.

In developing the new Strategy, the opportunity was taken to complete the National Procurement Strategy Toolkit. The toolkit identified the following as key areas of strength and good practice within the Authority, and officers will continue the good work in these areas:

- Culture – we act as a single team when dealing with external partners;
- Tendering – our tenders are bespoke to the opportunity, we approach this on a commercial basis to ensure value for money for the Authority; and
- Forward planning – contracting will form part of the Authority's budget setting process. The team contribute ideas for savings and income generation.

The following areas were highlighted as areas where improvement could potentially be made:

- Change control – no standard process in place for approving changes to contracts;
- Contract management – currently not deemed an essential skill across the Authority; and
- Social value – no senior oversight for reporting social value.

The Strategy proposes a mechanism to strengthen these areas.

1.5.1 National and Local context

In 2021, the Local Government Association published a revised National Procurement Strategy for Local Government. This sets out a vision for local government procurement and encourages all local authorities to deliver outcomes in three key areas:

- Social Value
- Commercial and Procurement Delivery
- Skills and Capability for Procurement

These key areas underpin the strategic direction of the Strategy, which support the 'Our North Tyneside Plan'. Specific actions are set out in the Action Plan included at the end of the document and the outcomes are described in more detail below.

Taking each element in turn, firstly, the Authority's approach to social value is set out at paragraph 1.5.2. The Authority's approach is wider than the national aspiration and within the region the Authority is the first to update its approach.

Secondly, commercial and procurement delivery, the National Strategy sets out that all contracting authorities should consider whether they have the right policies and processes in place to manage the key stages of commercial delivery. The pipeline of contracts approved by Cabinet will give greater visibility to the Authority's supply chain of commissioning and procurement intentions. Within the Strategy the Authority has carried out a self-assessment of its deliverability against the National Strategy.

Thirdly, skills and capability for procurement. The procurement team transferred back to the management of the Authority in November 2019. The team has strengthened its approach through appointment of a Strategic Commercial and Procurement Manager and building commercial capacity within the team. A suite of training has been developed for all officers with a responsibility for procurement.

1.5.2 Social Value

The Public Services (Social Value) Act 2012 requires local authorities to consider securing economic, social or environmental benefits when procuring services. To comply with the 2012 Act local Authorities must think about how and what they are going to buy, or how they are going to buy it, and if this process could add social value benefits.

Within the Strategy is the Authority's revised approach to Social Value. Experience has taught us, and engagement tells us we can further improve the policy. The Authority currently has no formal mechanism of monitoring social value provided for in bids. Social Value will be monitored, measured and reported to Cabinet as a minimum on an annual basis as described in Annex 1 to the Strategy.

It is proposed that the weighting associated with Social Value is increased to 20%, 5% will be allocated to the 'greener' priority as this will align with the Authority's priority to be carbon net-zero by 2030 and 5% will be allocated to the 'caring' priority. This will align with the Authority priority to reduce inequalities within the borough. The remaining 10% will be discretionary across the 'thriving', 'secure' and 'family-friendly' priorities. The weighting will align to the content of the opportunity.

Social Value weightings may vary between the procurement exercises and the priorities and measures chosen will be appropriate and proportionate to the contract. The weightings will be clearly published with the procurement documentation. It is proposed that the weightings are reviewed annually. All contracts which are tendered will consider Social Value as part of the evaluation criteria.

The Authority's approach will need to be flexible where it is obtaining funding with conditions attached and will also need to adapt to the requirement of any existing frameworks which the Authority wishes to use.

1.5.3 Aims and Objectives

Through the Strategy the Authority expects to achieve the following strategic aims and ambition:

- **Value for money** – achieving value for money in public procurement remains focussed on securing from contractors the best mix of quality and effectiveness to deliver the requirements of the contract, for the least outlay over the period of use of the goods or services bought. Aligned to National Guidance this does not mean the lowest priced bid. The Authority will take a broad view of ‘value for money’ which includes improvement of social welfare or wellbeing within the Borough.
- **Working Towards a Net Zero Carbon Future** - tackling climate change and reducing waste, contributing to the Authority’s ambition to be carbon neutral by 2030. Reducing waste, improving resource efficiency and contributing to the move towards a circular economy and identifying and prioritising sustainable procurement to deliver additional environmental benefits.
- **Social Value** - aligned to the Council Plan Priorities, social value will be embedded within the Authority’s supply chain.
- **Buying from ourselves** - a growth in the role of the Authority as a seller of services, where it has the skills to deliver these services, as well as its traditional purchasing role.
- **Capability and Capacity**- recognition that the Authority’s commissioners, procurers and contract managers are key to unlocking further efficiencies from the Authority’s contracts and will be supported in this important aspect of their roles. Undertaking continual training and development of all officers with buying responsibilities will be key to success. Having consistent processes and data.
- **Commercial and Procurement Delivery** – clearer public facing information on the Authority’s contracts, accompanied by better management information for its contract managers.

An action plan is contained within the Strategy, again progress against the action plan will be reported to Cabinet on an annual basis.

1.5.4 Engagement

The Strategy was prepared following engagement with organisations within the waste, construction, social care sectors, and the voluntary and community sector, being the Authority’s largest areas of influenceable spend. Feedback was also sought from the Authority’s strategic partners and Trades Unions as well as officers within the Authority who undertaking procurement and commissioning activity.

Feedback received was positive on the Strategy. The following feedback was taken into account when finalising the Strategy:

- Weighting of social value needs to be proportionate and aligned accordingly to the organisational priorities
- Larger organisations will find providing social value easier than SME’s

- The price/quality methodology needs to be kept under revision – local suppliers may be losing out as larger organisations are better equipped to prepare tenders
- There was scope to further assist the voluntary and community sector
- Pipeline and transparency of future tender opportunities was key

Previously potential bidders had indicated that the procurement process was complex, lengthy, and sometimes was a disadvantage to smaller, local businesses. The procurement team have worked with various markets through engagement events to ensure that bidders are ‘tender ready’ and able to submit quality bids. As part of NEPO bespoke training has been delivered and 1-2-1 support provided to local businesses.

1.5.5 Monitoring and reducing inequalities

Monitoring and reducing inequalities is a priority for the Authority. Currently the Authority does not monitor or manage the supply chains data around diversity and inclusion. It is proposed that each contractor submits data on its organisation and supply chain. This will give the Authority information as to which sectors and specific organisations it needs to work with to reduce inequalities.

1.5.6 Modern Slavery

The Authority has adopted a zero-tolerance approach towards all forms of modern slavery and commits to preventing modern slavery within the borough by embedding the Modern Slavery Act 2015 into its corporate activities. The Authority continues to rely upon its local strategic partnerships with the following external organisations to mitigate the risk posed by modern slavery to North Tyneside:

- NHS Northumbria;
- NHS North Tyneside Clinical Commissioning Group;
- Cumbria, Northumberland, and Tyne and Wear NHS Foundation;
- Northumbria Police; and
- Tyne and Wear Fire and Rescue.

The Authority also commits to notify the Secretary of State of suspected victims of modern slavery as required by Section 52 of the Modern Slavery Act 2015.

Monitoring and managing modern slavery within its supply chain is essential. The Authority will undertake a risk assessment on the goods and services to manage those which are higher risk as best practice. The Authority will work with the supply chain which are highlighted as high risk to monitor and mitigate any potential risk to the Authority.

1.5.7 Responsible Procurement Charter

The needs of the community will be fundamental to the decisions the Authority makes with innovative and agile procurement practices adopted to support the local economy and deliver more sustainable outcomes. To maintain the Authority’s reputation and reflect the expectations it has of its suppliers, all procurement activity will be undertaken to the highest standards of probity and professionalism.

Members and officers will not only be fair and ethical but will avoid conduct that is capable of being placed under adverse interpretation. Procurement will therefore be undertaken in compliance with the following principles:

- All procurement activity will comply with the Public Contracting Regulations 2015, UK Legislation, the Authority's Constitution and all other relevant policies and procedures
- Procurement will be fair, open and transparent and undertaken to the highest standards of probity, integrity, honesty and professionalism
- The Authority will undertake procurement activity using the most efficient and effective methods and will select the most appropriate delivery mechanisms to ensure value for money
- All procurement activity will include due consideration of social, economic and environmental factors and will be assessed on whole life costing
- Robust contract management will support improved service delivery through continuous improvement in the quality of goods, works and services

These principles are set out in the Responsible Procurement Charter as attached at appendix 2. This will be embedded in the Authority's procurement documentation.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations set out at paragraph 1.2 and agree to approve the Procurement Strategy, Responsible Procurement Charter and agree to receive regular updates.

Option 2

Cabinet may not approve the recommendations set out at paragraph 1.2 and not agree to approve the Procurement Strategy, Responsible Procurement Charter and agree to receive regular updates.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The Strategy builds on the previous Procurement Strategy and feedback provided by stakeholders as the Strategy was developed. The Strategy recognises the role of procurement activity in helping to secure optimum value for money and maximise the benefits social value can bring to the residents.

If Cabinet decides not to approve the Strategy, then the Authority will not have a clear vision and direction for procurement for the next three years.

1.8 Appendices:

Appendix 1: Procurement Strategy 2022-2025
Appendix 2: Responsible Procurement Charter

1.9 Contact officers:

Mark Longstaff– Director of Commissioning and Asset Management. Tel 0191 6438089
Sarah Heslop – Strategic Commercial and Procurement Manager. Tel 0191 6435456

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) [Cabinet Report dated 9 October 2017](#)
- (2) Cabinet Report date 9 September 2019
- (3) [National Procurement Strategy Guidance](#)

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.

Whilst Social Value will bring benefits to the Authority and residents, this may have an unknown financial consequence. As proposed the review of weightings will be closely monitored to ensure that they are appropriate and continue to deliver value for money.

2.2 Legal

The Strategy reflects all legislative requirements currently in force for procurement activity and recognises that further legislative changes such as the Social Care Bill and review of procurement legislation following the EU transition are likely and will need to be monitored throughout the life of the Strategy.

2.3 Consultation/community engagement

Consultation has been carried out with Cabinet Members, external organisations, Trades Union colleagues, the voluntary and community sector, and Northumbria Police.

2.4 Human rights

There are no human rights issues directly arising from this report

2.5 Equalities and diversity

The approval of the Strategy will help support reducing inequalities within the supply chain. Through monitoring, the Authority will identify at risk sectors and target organisations to work with. This Strategy will contribute to the implementation of the Equality and Diversity section of the Authority's Equality and Diversity Policy as the Authority can now demonstrate that commissioned/procured services are helping it achieve its equality priorities.

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

The risk-based approach to Modern Slavery as detailed in the report will help reduce and mitigate any potential risk to the Authority.

2.8 Environment and sustainability

The Social Value weightings and proposed outcomes will assist the Authority monitor its supply chain and assist in its ambition to reach net-zero carbon.

PART 3 - SIGN OFF

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