

<b>Board/Committee:</b>	POLICY AND ORGANISATION BOARD
<b>Date of meeting:</b>	27 <sup>th</sup> January 2022
<b>Title:</b>	Procurement Strategy
<b>Author:</b>	Head of Procurement
<b>Status:</b>	FOR DECISION

### **Purpose**

This report introduces the Council's Procurement Strategy for goods, services and supplies.

### **Recommendation**

**That the Board approves the Strategy and notes the associated Action Plan.**

## **1.0 Background**

- 1.1** This draft Strategy has been informed by and responds to an Internal Audit report published in July 2021 which highlighted the need for a Procurement Strategy setting out the Council's strategic vision and approach to procurement. The Procurement Strategy provides a framework to deliver Council objectives and ensure adherence to legislative requirements and transparency of process.
- 1.2** The Procurement Strategy has been prepared in line with the Council's Constitution; in particular the Contract Procedure Rules, Financial Regulations and Scheme of Delegation.
- 1.3** The Procurement Strategy confirms the Council's position with regard to the National Procurement Policy Statement including the Council's commitment to address climate change. The Strategy emphasises the increasing importance of sustainable procurement, social value and continuing Value for Money (VFM).

## **2.0 Report**

- 2.1** The Internal Audit report published in July 2021 raised concerns in relation to some areas of the Council's adherence to its Contract Procedure Rules.

One of the agreed actions was for a Procurement Strategy to be prepared which sets out the Council's vision for the future, confirms the purpose and values of the Council, sets objectives aligned to our Corporate plan and clarifies threats and opportunities.

Adoption of a Procurement Strategy will mitigate the risks of legal challenge and reputational damage to the Council and will enable transparent processes which will support the Council's strategic objectives

which can be understood by Council staff and the public. An action plan has also been prepared setting out the required activities from the Strategy and audit report with the expected timeline for completion.

- 2.2 Public Procurement is a highly litigated area of the law and any challenge can be extremely costly both financially and reputationally. The Council's Contract Procedure Rules are currently being reviewed with assistance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Portsmouth City Council. These changes will ensure that if procedures are followed the risk of challenge will be mitigated.
- 2.3 Central Government have now issued a response to the public consultation on the Green Paper "Transforming Public Procurement". However, new legislation is not expected until 2023 and the strategy will be updated as national/legislative requirements become apparent.
- 2.4 The Cabinet Office currently issues Procurement Policy Notes (PPNs) which clarify issues of law or Government expectations/guidance concerning public procurement. Historically some of these PPNs have been legislative but some are advisory or aspirational. Although they often refer to Central Government they do apply to Local Government in some circumstances, the most recent and relevant PPN notice is PPN 05/21 - National Procurement Policy Statement (NPPS).

The NPPS sets out the Government's strategic priorities for public procurement including "generating economic growth, helping our communities recover from the Covid-19 pandemic and supporting the transition to net zero carbon".

The NPPS confirms: "Contracting authorities should have regard to the following national priorities in exercising their functions relating to procurement. The national priorities relate to social value; commercial and procurement delivery; and skills and capability for procurement."

The Procurement Strategy sets out the Council's strategic approach to procurement and details how the Council's procurement activities will support both the national priorities and the delivery of the Council's corporate vision to "build on our strengths to empower and support our communities and ensure the potential of the Borough and all of our residents is achieved."

Paragraph 1.4 of the Procurement Strategy provides a framework and actions to ensure adherence to legislative requirements and Government priorities including that of the NPPS issued by Government in June 2021, which requires the Council to "have regard to national strategic priorities for public procurement" with national priority outcomes of:

**Social value:**

- Creating new businesses, new jobs and new skills;
- Tackling climate change and reducing waste, and

- Improving supplier diversity, innovation and resilience.

**Commercial and procurement delivery:**

- All contracting authorities should consider whether they have the right policies and processes in place to manage the key stages of commercial delivery identified in this statement, where they are relevant to their procurement portfolio.

**Skills and capability for procurement:**

- All contracting authorities should consider their organisational capability and capacity, with regard to the procurement skills and resources required to deliver value for money.

**2.5** Due to expected new Legislation following the Green Paper as referred to above, the Procurement Strategy has been prepared for an initial 2 year period but will need to be kept under review and any relevant actions added to the action plan as required. The Strategy will be formally reviewed by the Board after 1 year.

**3.0 Risk Assessment**

**3.1** The Procurement Strategy contains a Strengths Weaknesses Opportunities Threats (SWOT) analysis which highlights the risks to the Council of failing to implement a corporate strategy on procurement, and failing to adhere to Legislation and the Council’s own Contract Procedure Rules and Financial Regulations. The greatest of these risks is a possible legal challenge to a procurement which can be financially very expensive and cause serious reputational damage. The Procurement Strategy clearly sets out the Council’s position and expectations and, alongside the Contract Procedure Rules, which are to be revised, and actions within the Action Plan, such risks will be greatly reduced.

**4.0 Conclusion**

The need for a Procurement Strategy is clear and this has now been prepared along with the Action Plan. This will clarify the Council’s position for Members, Officers and Residents with regard to the procurement process, confirming the Council’s Vision of the future, its values and objectives. The principles embodied in the Procurement Strategy will be applied to all procurements which in turn will protect against challenge and promote VFM. The work to be undertaken with local businesses will encourage local suppliers to bid for Council services and supply contracts and add Social Value and re-investment into the local community.

<b>Financial Services comments:</b>	<i>None</i>
<b>Legal Services comments:</b>	Contained within the report.
<b>Equality and Diversity:</b>	No adverse impacts identified in the attached IIA

<b>Climate Change implications:</b>	Contained within the report.
<b>Crime and Disorder:</b>	No Crime and Disorder Implications
<b>Service Improvement Plan implications:</b>	None
<b>Corporate Plan:</b>	This document and procurement Strategy sets out the Council's strategic approach to procurement and details how the Council's procurement activities will support the delivery of the Councils' corporate vision to "build on our strengths to empower and support our communities and ensure the potential of the Borough and all of our residents is achieved."
<b>Risk Assessment:</b>	As at 3.0 above
<b>Background Papers:</b>	PPN 05/21
<b>Appendices:</b>	Procurement Strategy (Draft) Appendix 1 to Strategy Action Plan GBCIIA
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