

Report

Cabinet Member

Part 1

Date: 30 December 2020

Subject **Sign off for a new Strategic Plan for Procurement 2020 - 2024**

Purpose To request Cabinet Member approval and sign off for a new Strategic Plan for Procurement 2020 - 2023

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Ward All

Summary The existing Procurement Strategy has now expired and a new Strategic Plan for Procurement has been developed to ensure procurement activity across the Council is undertaken in a consistent manner in line with recent and emerging priorities and protocols.

The Plan will ensure compliance with the Well-being of Future Generations (Wales) Act 2015, as well as other requirements coming from Welsh Government requiring Procurement to expand principles in relation to Social Value, including Community Wealth Building, Carbon reduction, Environmental Sustainability, Supporting local and other Welsh businesses and other priorities detailed in the Plan.

It is therefore essential that we have an up to date strategy for Procurement that will guide the function and its priorities across the Council for the next 3 to 4 years.

Proposal **To approve this new Strategic Plan for Procurement 2020 - 2024**

Action by Cabinet Member
Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Heads of Service
- Cabinet Member for Assets

Signed

Background

When undertaking any form of procurement, the Council needs to consider the application of the European Union Public Sector Procurement Directive 2014/24/ which is supported by the UK's Public Contracts Regulations 2015, which came into effect on 26 February 2015. These regulations form part of the Council Contract Standing Orders or CSO's.

However, whilst we have recently revised CSO's, it is important to support these Council Regulations with a robust framework of how procurement should be undertaken, and what considerations officers should make when contracting for goods, services and works. Therefore supporting regulation with an up to date strategy of how procurement can and should support the wider goals of the Council and wider Welsh Government policy is vital to drive effective procurement forward across all service areas.

This new Strategic Plan for Procurement brings together the key elements from the Well-being of Future Generations (Wales) Act 2015, as well as the Councils own Corporate Plan and well-being goals, where effective procurement can have a positive impact in delivering these aims and ambitions. Coupled with encompassing other important priorities in Wales such as delivering Social Value and supporting Community Wealth Building, Ethical Employment in Supply Chains, Sustainable Procurement and Carbon Management, the plan pulls together these important drivers in Wales, into a delivery model for procurement activity across the Council.

The plan consists of the following main topics;

1. Introduction
2. Vision for Procurement
3. Procurement Governance
4. Well-being of Future Generations and Procurement
5. Welsh Language and Procurement
6. Building a Better Newport through Procurement
7. Key Policy Drivers
8. Duties under the Equality Act
9. Working in Collaboration
10. Sustainability and Procurement
11. Social Value for Smarter Procurement
12. eProcurement Paperless Solutions

Of particular note are three areas in the strategy which support the key priorities of the Council and the Welsh Government, these being Social Value, Sustainable Procurement and Local Supply Chain development.

Social Value is an emerging priority and takes the established community benefits considerations and expands these to develop a framework of National TOM's for Wales. TOM's are themes, opportunities and measures, and provide a toolkit for public bodies to use in the delivery of improved social value through procurement.

Sustainable Procurement is defined as the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment. The new strategy pays particular attention to this, and the need for effective carbon management when procuring goods that lower the need for fossil fuel consumption and instead move to a greater use of sustainable energy and less overall energy drain.

Local Supply Chain development is supported in this new strategy as well as the recently updated contract standing orders. In order to promote more local supplier engagement and keeping the Newport pound in Newport and the wider local economy, we have developed an approach by where good local suppliers can be selected to quote for contracts up to £75,000 without greater outside competition, but at the same time still demonstrating value for money to the Council and public purse. This approach also

can also be used to ring-fence appropriate contracts to sheltered workshops and economic operators whose main aim is the social and professional integration of disabled or disadvantaged persons.

The full Strategy for Procurement is appended to this report.

There are no direct legal implications of either having an up to date Procurement Strategy or not.

There are no direct staffing issues of either having an up to date Procurement Strategy or not.

Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					Not applicable
Net Costs (Savings)					
Net Impact on Budget					

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Not approving the new Strategy for Procurement	L	L	To have a Procurement Strategy is not a legal requirement, but it is identified in WG Procurement Policy as a strategic driver, and that Procurement is seen as a strategic corporate function. Not having a current strategy therefore exposes the Council to scrutiny from WG.	Cabinet Member/Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

This Procurement Strategy is closely associated with a number of council policies and priorities, with strong positive links to the authority's Corporate Plan. Each of the four Council well-being objectives can be positively supported through effective, structured procurement, and this strategy aims to do just that. It supports other policies and priorities such as Ethical Employment in Supply chains, Carbon Management and Social Value. It also supports the goals within the Well-being of Future Generations (Wales) Act 2015, in particular A Prosperous Wales and A Globally Responsible Wales.

Approving the Strategic Plan would also help the authority fulfil its obligations under the Equality Act by making a positive contribution to the authority's general equality duty.

Options Available and considered

Newport City Council has the option to approve the new Strategy for Procurement or not.

Preferred Option and Why

The preferred option is to approve the new Strategy. Approving an adopting the new Strategy will focus procurement across the Council, and support the Councils wider goals and policy requirements.

Comments of Chief Financial Officer

How the Council conducts its procurement activities should not only ensure compliance with relevant regulations and achieving value for money but is a real opportunity in helping achieve other key priorities. As the report notes, the updated strategy not only deals with those regulatory and value for money issues but also other key priorities such as improving social value and ethical employment practices in our supply chains.

The strategy and the detailed processes and practices that sit under it should be used by all Council services when conducting procurement activities.

Comments of Monitoring Officer

There are no specific legal issues arising from the report and the adoption of the proposed Strategic Plan for Procurement. The plan provides a strategic framework for the procurement of utilities, work, goods and services by the Council and supplements the legal procurement process, as set out in Contract Standing Orders and the Public Contracts Regulations 2015 (as amended). While the strict legal process is designed to ensure transparency and best value for contracts, the Strategic Plan is based on more non-commercial factors, such as the Council's well-being objectives and the delivery of Social Value, Sustainable Procurement and Local Supply Chain development. Section 17 of the Local Government Act 1988 originally prohibited any non-commercial matters in local authority procurement but these restrictions were relaxed following the introduction of the "best value" duty in Wales and it is now permissible for the Council to have regard to non-commercial social benefit factors, when awarding and entering into contracts. It also enable the Council to have regard to principles of sustainability when procuring goods, services, works and utilities so that value for money is calculated on a whole life basis and having regard to the wider benefits to society, the economy and the environment. Because the need for open competition under the Public Contracts Regulations only applies to larger contracts above the relevant threshold, the Council is able to ring-fence contracts of up to £75k in value in order to promote local suppliers and/or social enterprises.

Comments of Head of People and Business Change

The new Strategic Plan for Procurement ensures compliance with the Well-being of Future Generations Act and obligations under the Equality Act. The Fairness and Equality Impact Assessment will demonstrate this. Through taking account of issues such as carbon management and community wealth building, the Council's procurement strategy will also support activity within the Local Well-being Plan published by the Public Services Board.

There are no HR considerations arising from this report.

Comments of Cabinet Member

This Strategic Plan aims to complement the Council's Corporate Plan and embed the core priorities of the Council, along with the wider policy and regulation in Wales such as the Well-being of Future Generations Act and Code of Practice - Ethical Employment in Supply Chains into this new Procurement Plan. The overarching principle of Newport's Corporate Plan is to "Improve People's Lives" and this Procurement Plan aims to build the principles of this mission statement into the way procurement is conducted throughout the Council.

This Strategic Plan aims to set out how we can deliver effective procurement during these challenging times, and bring added value to the Council through the procurement function. I therefore support the preferred option and strongly recommend all Heads of Service and Senior Management throughout the Council to use this strategy as an important guide when making decisions on procuring goods, works and services, to ensure a consistent and considered approach is taken in line with this new strategic plan.

Local issues

Not applicable

Scrutiny Committees

Not applicable

Equalities Impact Assessment and the Equalities Act 2010

Attached

Children and Families (Wales) Measure

No consultation was needed for this report.

Wellbeing of Future Generations (Wales) Act 2015

The new strategy has been drafted to support the Wellbeing Act, and includes a full section on how procurement, and the new strategic plan will support delivery of the Act within NCC. The plan details exactly which elements of the wellbeing goals will be positively supported through this new strategy, and the topics which procurement will deliver on, in particular 'A Prosperous Wales' – Fair and Local Procurement and 'A Globally Responsible Wales' – Ethical Consumption and Procurement. All five things public bodies need to think about and apply in support of the Wellbeing Act are incorporated in the Procurement Strategy.

See section 4 of the attached Strategic Plan for full details.

Crime and Disorder Act 1998

Not applicable

Consultation

Not applicable

Background Papers

Not applicable

Dated: 14 December 2020