

## **Corporate Procurement Strategy and Social Value Strategy**

### **Summary**

1. This report outlines a number of minor changes and updates to both the Procurement Strategy and the Social Value Policy.
2. The Procurement Strategy (Annex 1) explains how the Council works with partners and suppliers to develop and deliver:
  - imaginative commissioning and procurement solutions
  - quality, value-for-money goods, works and services
  - broader economic, social and environmental outcomes
3. The Social Value Policy (Annex 2) sets out the Council's commitment to embedding social value into its procurement and commissioning processes, creating a supply chain that helps the Council work towards its strategic priorities.

### **Recommendation**

4. The Executive Member for Finance and Performance is asked to;
  - a. Note and approve the updated Procurement Strategy attached at annex 1
  - b. Note and approve the updated Social Value Policy attached at annex 2

Reason: to ensure procurement is based on sound principles and continues to deliver value for money outcomes, as well as ensuring the procurement process is robust and effective

### **Background**

5. The Council spends approximately £200m each year on procuring goods, works and services on behalf of our residents. Whilst all aspects of the public sector were already facing challenging times, the COVID19 pandemic has brought the financial position of a number of Council's to crisis point. In recent years, the Council has had to deal with large reductions in funding, combined with a range of significant pressures, particularly in Social Care. Against this challenging

background, we can use procurement opportunities to maximise financial savings and deliver best value. It also provides an opportunity for the Council to use its spending power to support local businesses and grow the economy, which is key to accelerating the city's recovery from the pandemic.

6. Work on revising and updating the current Procurement Strategy was about to begin in early 2020 but work in this area was put on hold during the pandemic. The Government has also issued a Procurement Green Paper following the departure of the UK from the EU and therefore whilst work can continue in terms of researching current best practice and consulting with stakeholders, the full refresh of the strategy will not be finalised until the outcome of this green paper is known.

## **Analysis**

7. Government launched the Green Paper in December 2020 for consultation. The Paper forms part of a package of new procurement arrangements that are needed following the UK departure from the European Union. A new Find a Tender service has replaced the Official Journal of the European Union (OJEU) and this is where all contracts over £118k have been published since 1st January 2021.
8. The Government believes the main problems with the previous system are that the rules are complex and confusing, making it difficult for smaller companies to win business and improve public services, and that it is difficult for public bodies to exclude providers on the grounds of past poor performance.
9. The Green Paper outlines how leaving the EU provides an opportunity to design a system that works better for communities and businesses. The Government also wants public procurement to support economic recovery following the pandemic.
10. Good contract management is key to successfully delivering a contract following the completion of a procurement. To improve contract management, the government proposes reforms including:
  - a. Tackling late payment in the public sector through giving small businesses, charities and social enterprise further down the supply chain better access to contracting authorities to raise late payment problems

b. More flexibility over amendments to contracts, especially in times of crisis, and a new requirement to publish contract amendment notices, increasing transparency

11. Having a procurement strategy guides the Council's procurement processes and ensures all procurement activity is based on sound principles. This will ensure value for money and that the procurement process is robust and effective.
12. Effective procurement will also ensure the Council maximises savings in the current challenging financial climate as well as allowing us to deliver additional benefit to residents through the achievement of social value and supporting the local economy.
13. The Council will continue to publish a forward plan of upcoming procurements. We will also develop an action plan to meet any new requirements that may come from the Green Paper including how we can improve supplier engagement and improve contract management. Publishing a forward plan shares information about our planned activity and helps to facilitate joint working with partner organisations. It also allows for better resource planning and helps suppliers prepare for future tender exercises, which in turn leads to better outcomes for everyone.
14. The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems.
15. The Council's Social Value Policy is a way of thinking about how resources are allocated and looks behind the cost of a contract to the collective benefits the contract will deliver to the wider community. The Policy sets out the Council's commitment to embedding social value into procurement and commissioning processes, creating a supply chain that helps to work towards strategic priorities.
16. The term "social value" is generally recognised as being the achievement of extra social or community benefits through procurement activity and the award of contracts. It involves thinking beyond the price of each individual contract and

looking at the collective benefit to a community when a public body chooses who to award a contract to.

17. The current policy was approved by Executive in December 2018 and some recent examples of type of social value questions asked within the tender documents include:

- *What do you offer to reduce social isolation for residents who experience difficulties in undertaking a journey? Please consider how this supports the wider health and well-being of local residents?*
- *How does your organisation provide economic benefits for the local and emerging workforce in York?*
- *Please describe how you will support the following throughout the delivery of this contract:*
  - *Opening up the supply, works, services requirements for this contract to a wide supply chain including SMEs, Third Sector*
  - *Provide fair working practices for workers (including sub-contractors) directly employed in the delivery of this care services contract (and how you will monitor and report on the fair working practices you will provide throughout the life of this contract)*
  - *Consideration of maximising access to employment opportunities and apprenticeships through advertising, recruitment and training and liaising with employment agencies, job centres and educational partnerships (i.e. schools, colleges, universities).*

18. As the policy has now been in operation for just over 2 years officers have reviewed the policy to further enhance areas such as culture and young people. Members are therefore asked to comment on the proposed changes which are shown in tracked changes on annex 2 attached to this report.

## **Consultation**

19. Consultation has been undertaken with officers across the Council. The amendments proposed in this report have also been considered by Corporate Scrutiny and Management Committee at their meeting on 12 April 2021.

## **Options**

20. No further options have been considered by officers. The updated strategy is important to support best practice procurement across the Council.

## Council Plan

21. The procurement strategy demonstrates delivery of the Council Plan by focussing expenditure on key priorities, protecting vulnerable residents and delivering value for money in all council purchasing.

## Implications

22. The implications are:

- **Financial** The Procurement Strategy is designed to support the delivery of best value in all spending decisions. Agreement to the updated Strategy will continue to promote the most cost effective use of council resources.
- **Human Resources (HR)** There are no HR implications.
- **One Planet Council / Equalities** The Procurement Strategy aims to be as inclusive as possible, ensuring opportunities to promote and encourage local growth are built into our procurement exercises. When contracting with national suppliers, we will encourage them to engage local suppliers in the delivery of services. We will also require our suppliers to demonstrate a commitment to equalities and be responsive to the needs of our communities.
- **Legal** Failure to follow appropriate procurement guidance and legislation has the potential to create significant complications for the Council. The Strategy promotes best practice and ensures clarity for officers.
- **Crime and Disorder** There are no crime and disorder implications.
- **Information Technology (IT)** There are no IT implications.
- **Property** There are no property implications.
- **Other** There are no other implications.

## Risk Management

23. The key risks associated with procurement are that the Council does not get value for money from external spend or that it is challenged for non compliance with either our own internal processes or with the relevant legislation. Consistent procurement processes, effective planning and a focus on governance issues will mitigate these risks to an acceptable level.

## Contact details

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	<b>Report Approved</b>	x	<b>Date</b> 27.10.2021
<b>Wards Affected:</b> <i>All</i>			
<b><i>For further information please contact the author of the report</i></b>			

Background papers:

Equalities Impact Assessment

Annexes:

Annex One - Procurement Strategy

Annex Two – Social Value Policy