

Report of the Head of Corporate Finance & Commercial Procurement (interim s151 officer)

## **Sustainable Procurement**

### **Summary**

1. This report outlines the current Procurement Strategy and the process for updating this strategy over the coming months, particularly in relation to optimising the opportunities for delivering social value and ensuring long term sustainability.

### **Recommendation**

2. The Committee are asked to consider how they wish to contribute to the next iteration of the Procurement Strategy, in particular any issues they wish to ensure are included.

### **Background**

3. The current Procurement Strategy was approved at the decision session of the Executive Member – Leader incorporating Finance & Performance in July 2017 and covers the period 2017 to 2019. This strategy is attached at annex one to this report.
4. The Council spends approximately £190m each year on procuring goods, works and services on behalf of our residents. All aspects of the public sector are continuing to face challenging times and in recent years the Council has had to deal with large reductions in funding, combined with a range of significant pressures. Against this challenging background, procurement opportunities can be used 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, as this is crucial to delivering our financial strategy.
5. The purpose of the procurement strategy is to ensure that the Council uses procurement effectively to deliver key priorities. The strategy guides the procurement policy and helps to ensure that it achieves value for money whilst delivering the best outcomes for residents. As a public body the council has a statutory duty to ensure best value is achieved, including social value.

6. The Council is committed to engaging with suppliers to procure and commission work, services and supplies and to develop effective procurement solutions that deliver:
  - Quality, value-for-money goods and services;
  - Positive economic, social and environmental outcomes.
7. Through the responsible procurement of goods, works and services in a socially, economically and environmentally responsible way the Council has an important role to play in:
  - Reducing environmental impacts;
  - Supporting the local economy;
  - Providing employment and training opportunities;
  - Achieving sustainability through the works, supplies and services that are procured.
8. As part of this process the Council asks its suppliers to demonstrate that they are:
  - Following good environmental practices;
  - Offering opportunities for employment and training;
  - Supporting the local economy;
  - Considering social value.
9. The Procurement Strategy therefore already includes a commitment that sustainability, fairness and the development of the local economy will be built into purchasing decisions. Economic considerations must be balanced with the need for environmental and social outcomes and must all be done within the bounds of procurement legislation.
10. Work on revising and updating the current Procurement Strategy is about to begin and will involve researching current best practice and any latest developments in the legislative framework that governs public sector procurement.
11. Consultation will be undertaken with current and prospective suppliers, and the local business community. A draft strategy will then be written by officers and there will be the opportunity for members and residents to comment on this strategy before it is formally approved and adopted. It is anticipated that this work could be completed by the summer, with a view to a new strategy in place by July 2020.
12. In addition, a report was presented to the Decision Session Executive Member for the Economy in November 2019 in relation to small and medium-sized businesses in the local area, considering the challenges and what more can be done to enable these businesses to bid for council contracts.

## **Analysis**

13. There are a number of different ways that procurement can be used to further the priorities agreed in the Council Plan. However, the procurement process also needs to consider value for money and financial considerations alongside these other objectives.
14. The generally accepted definition of sustainable procurement means making sure that the products and services we buy achieve value for money on a life cycle cost basis and generate benefits not just for the council but also for the environment, society and the economy. To procure in a sustainable way involves looking beyond short term needs and considering the longer term impacts of each purchase. Sustainable procurement is used to ensure that purchasing reflects broader goals linked to resource efficiency, climate change, social responsibility and economic resilience.
15. As outlined in the background section of this report, the council already has a Social Value Policy in place (attached as an annex to this report). The overall aim of the policy is to reduce inequality and narrow the gap in outcomes by attracting social value activities that will improve the lives and life chances of York residents, alongside enhanced sustainability of the city.
16. This policy has been particularly successful in some areas, such as ensuring Employment and Skills Plans are in place and that the Foundation Living Wage is paid to any staff working on council contracts, but there are also some areas where further improvements could be made. In particular, there are some issues in recording social value achievements as there is currently no overall system available for contract management and tracking of social value. The system used by the council for managing tenders is used by all councils in the Yorkshire and Humber region. We will shortly be going out to tender for a replacement system and these issues will be considered as part of this procurement exercise.

## **Financial Implications**

17. As outlined earlier in the report, all aspects of the public sector continue to operate in a very challenging environment and therefore it is essential that the procurement process is used to achieve value for money.
18. Any investment in an enhanced procurement system that could track social value outcomes would need to be considered as part of the annual budget setting process.

<b>Contact Details</b>	
<b>Author</b>	<b>Chief Officer responsible for the report</b>
Debbie Mitchell Head of Finance & Commercial Procurement (interim s151 Officer)  Ext 4161	Debbie Mitchell Head of Finance & Commercial Procurement (interim s151 Officer)
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<b>Wards affected</b>	All

### **Annexes**

Annex A – Procurement Strategy 2017 – 2019

Annex B – Social Value Policy

### **Background Papers**

Report to Decision Session Executive Member for the Economy November 2019