



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
9 October 2018
Agenda Item 5

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

Update on the delivery of a Sustainable Procurement Strategy

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1 This report outlines progress made delivering the Councils' Sustainable Procurement Strategy since introducing that strategy to this committee a year ago, and looks forward at activities planned for the coming year.
- 1.2 During 2017 the structure and operational focus Councils' procurement function underwent significant change. There is now a team of three permanent members of staff in place which was managed by an experienced Procurement Manager and reporting to the Chief Financial Officer.
- 1.3 The emphasis of procurement activity has been shifted away from a transactional and compliance based approach into a much more strategic and commercially minded focus. The procurement team are working closely with departments towards the adoption of more holistic and longer term view for the contractual arrangements put in place.
- 1.4 At the heart of these changes was the adoption of the new Sustainable Procurement Strategy last year to deliver the aspirations in Platforms for our Places, in particular those that can deliver sustainability and community benefits through our procurement activities.
- 1.5 The strategy has five key themes, but the primary focus during the first year has been on three areas of change:

- 1.5.1 Skills and Systems - the focus has been on improving access to information - creation of a new intranet based Procurement Toolkit for officers; updated the Council Contracts Register and web pages for suppliers - and improved the skills of council officers by providing training on a variety of procurement topics to approximately one hundred council officers during the last year;
- 1.5.2 Social Value - a Social Value Toolkit has been produced, training provided to officers and specific social criteria have started to be included in tenders;
- 1.5.3 Contract and Supplier Relationship Management - published guidance on contract management; improving contract data available for officers;
- 1.6 During this period of change the Procurement team has continued to support and advise departments on their procurement requirements and delivered approximately £200,000 worth of savings during 2017/18.

Looking Forward

- 1.7 With the departure of the current Procurement Manager, Officers have been considering how to best deliver the service for the future to ensure that the strategic direction is maintained and the council continues to get best value from its procurement activity. With this in mind, the team will work closely over the next two years, with the Orbis partnership (East Sussex county Council, Surrey County Council and Brighton and Hove City Council) to deliver the Procurement Service.
- 1.8 During the coming year the Procurement Team with support from colleagues in the Orbis Partnership shall deliver the Year 2 Action Plan of the Sustainable Procurement Strategy, key highlights will include:
- Adoption of the *Responsible Procurement Charter*;
 - Undertake a commercial skills assessment of staff with procurement or contract management responsibilities and provide appropriate training;
 - Refining the category management structure with expenditure data from FY17/18 expenditure and the republished Contracts Register;
 - Support the delivery of key procurement projects, including ones to support emergency housing accommodation, the procurement of an operator for the Worthing Theatres and Museum, regeneration projects, and a number of property maintenance contracts.

2. Recommendations

2.1 It is recommended that Joint Strategic Committee approves:

- i) the Responsible Procurement Charter set out in Appendix B;
- ii) the direction of travel in developing a strategic procurement function and delivery of initiatives outlined in this report;
- iii) that quarterly update reports are provided to both Executive Members of Resources and a full progress report is provided to the Joint Strategic Committee in 12 months time.

3. Context

- 3.1 During 2017 the Councils' procurement function underwent significant change. The small procurement team was restructured to provide greater resilience and experience and the emphasis of procurement activity was shifted away from a transactional and compliance based operation towards a much more strategic and commercially minded approach.
- 3.2 The team has benefitted from an experienced procurement manager, a specialist role looking after the key area of property and construction related expenditure and a career graded trainee/procurement officer post. All three members of staff are working closely with departments towards the adoption of a more holistic and longer term view for the contractual arrangements put in place.
- 3.3 A new Sustainable Procurement Strategy was adopted in June 2017 to deliver the aspirations in Platforms for our Places. The Strategy has five themes (detailed below) and three core values which run through each of the themes:
- a *community focus* (putting needs and aspiration of communities at the heart of our procurement activity);
 - *sustainable procurement* (wherever possible undertaking procurements on a whole life cost basis to deliver value for money and social, economic and environmental benefits);
 - *governance and risk* (ensuring appropriate governance and attitude towards risks are considered in our procurements).

The five themes are:

- **category management and strategic sourcing** - using best practice procurement philosophies to deliver best value strategic procurement; using local suppliers where possible, actively promoting opportunities locally

- **contract and supplier relationship management** - ensuring better day to day contract management exists and seeking long term partnership benefits with our key suppliers;
- **skills and systems** - investing in our staff and technological resources to ensure the right skills and information systems exist to make better informed decisions;
- **social value** - incorporating social, economic and environmental benefits into our commissioning and procurement decisions;
- **commercialisation** - focus on continuous improvement through better commercial arrangements, seeking cost reduction and avoidance and income generation opportunities.

- 3.4 The implementation of the strategy has been underpinned by the creation of a new intranet based Procurement Toolkit. This a step by step guide leads officers through the various procurement routes, has a library of template documents and other guidance, and has in depth modules on contract and supplier relationship management and incorporating social value criteria into procurement exercises to deliver community and environment benefits.
- 3.5 There has also been a programme of in-house procurement training to approximately one hundred council staff, covering topics such as recent changes to Contract Standing Orders, the values and themes in the new Sustainable Procurement Strategy, and specific topics such as tender evaluation and use of the councils' e-tendering system.
- 3.6 A comprehensive analysis of the Councils' creditors expenditure data has also been undertaken. The data helped inform the Sustainable Procurement Strategy and formed the basis for creating an initial category structure aligned along common areas of expenditure. Additional data sets including the latest expenditure figures and contract performance measurements will be added to the information records to provide more robust data on what the council buys.
- 3.7 A further piece of data, the Councils' Contracts Register, has also been reviewed, updated and republished on the council's website. A basic central electronic repository for copies of all contracts together with any major modifications made during the contract term has been created and will be maintained by the Procurement team.

Looking Forward

- 3.8 An Action Plan for year 2 of the Sustainable Procurement Strategy has been produced and is attached in Appendix A. A few of the key activities that will take place during the coming year are covered in more detail below.

3.9 **The Responsible Procurement Charter**

- 3.9.1 It is intended to ask the Councils' key partner suppliers to sign up to a *Responsible Procurement Charter* (see Appendix B). The Charter is a short clear, visible statement of intent covering a number of commitments that will become part of tender and contract documentation. These commitments include a number of local themes that are important to the Councils, such as elements in *Platforms for our Places*, as well as some national themes, both legislative requirements (e.g. the Prevent Duty) and best practice (e.g. prompt payment). Monitoring adherence to these commitments will form part of the regular ongoing contract management process.
- 3.9.2 A number of private sector companies and a handful of forward thinking public sector bodies already have a Responsible Procurement Charter or something similar, signed with key suppliers as a clear demonstration to shareholders or the general public that the two organisations share a common vision on corporate social responsibility.
- 3.9.3 It is intended that the Council's template Charter document will be available on the website together with a list of the suppliers that have signed up to it, and it will serve as a clear statement to local residents that the Councils and our key suppliers share common goals to improve the social and environmental wellbeing of local communities.
- 3.9.4 Initially it is proposed that suppliers awarded new contracts from 1st October 2018 that are in excess of £250,000 in value over the contract term will be required to sign up to the Charter. Suppliers will be asked to sign up to the Charter when they enter into a contract with the councils. During 2018/19 discussions will also be held with existing suppliers holding long term contracts in excess of £250,000 in value with the councils to ask them to sign up to the Charter retrospectively.

3.10 **Future partnership working**

- 3.10.1 The current Procurement Manager left the employment of the Council in September. With his departure, a review has been undertaken to consider how the service can be best delivered for the future. This review had three objectives:
- Resilience – the existing team is small and hence is severely impacted by any loss of even a single member of staff. Where possible the Councils should look for an option that reduces this risk.

- Capacity – the workload has peaks and troughs and any model should ideally efficiently manage both. Ideally any potential solution should be capable of fully implementing the procurement strategy.
- Affordability – whatever the chosen model, the procurement service needs to be delivered within the existing procurement budget.

3.10.2 Whilst it is clearly an option to recruit a replacement Procurement Manager, the team is very small with only three members and so the departure of any member of staff results in resilience issues whilst the vacancy remains. In addition it is difficult to implement full category management approach with so few staff members

3.10.3 An opportunity has arisen to work with colleagues from the Orbis Partnership. This is a local government partnership of three Councils, East Sussex County Council, Surrey County Council and Brighton and Hove City Council. The partnership employs over 60 procurement officers. The proposal is to utilise management and specialist procurement expertise within the Orbis team to support the local staff who will remain employed by Adur District Council.

3.10.4 Participating in the Orbis Partnership will resolve the issue of resilience whilst providing the Councils the opportunity to secure a range of specialist services which we would not otherwise have access to due to our size:

Strategic Procurement: review of future programmes of work to understand the opportunity for joint procurements, so increasing efficiency in the procurement process and potentially increasing attractiveness in the market. The Councils will also have free access to Orbis procurement frameworks which is normally the subject of a 10% charge.

Category Management: inclusion in the development of joint long term category strategies put in place across the Orbis partnership. This will ensure that Councils needs are included within these strategies and the subsequent procurements.

Market Intelligence: access to supplier and market intelligence that is required by the Orbis partners

Business Intelligence: subject to a review of systems and categorisation structure, the potential to join up spend analysis to aid in identification of opportunities such as common supplier usage.

Procurement Community: subject to any technical restrictions, the ability to access Orbis Procurement's online platform (Navigator) to request support/provide updates to the wider procurement community of 100 people as well as ability to download a variety of content. In addition the Councils staff will have the opportunity to attend a

range of events to help build experience & skills (from departmental away days to lessons learned sessions).

Contract and Supplier Management: access for operational contract managers to an online community which has been created by the contract and supply management team in Orbis Procurement. As well as sharing advice this includes e-learning training and various appropriate tools/templates. The contract and supply management team will also provide support for those key providers who are common across Orbis.

- 3.10.5 There will be a managerial presence on site most days, either via a Strategic Procurement Manager or the BHCC Head of Procurement; in the initial months the Head of Procurement will be particularly visible, on site 2-3 days per week.
- 3.10.6 Initially the Head of Procurement or Strategic Procurement Manager will manage the workplan and liaise with the Orbis team to access additional capacity if required. Over time the workplan will become integrated into the overall Orbis procurement workplan.
- 3.10.7 It is intended to trial this arrangement for two years, and if successful to make the arrangement permanent. The cost of using the Orbis team will be contained within the existing budget. As part of the new arrangement, financial targets will be set both for procurement activity itself and for improved contract management.

3.11 **Improving Contract Management**

- 3.11.1 Another key objective this year is an area for improvement identified during a recent contract management Peer Review exercise. An assessment of the commercial skills requirements for particular posts across the council will be undertaken using a model based on the *Contract Management Professional Standards* framework produced by the Government Commercial Function (part of the Cabinet Office).
- 3.11.2 Once the assessment has been undertaken the skills sets will then be mapped against the skills of the individuals currently in those posts staff which will identify any skills gaps that exist. Access to appropriate training for these officers, whether through in-house arrangements or via a third party supplier will also be provided.
- 3.11.3 A review and revision of the Councils' contract management guidance will also be undertaken in parallel with the commercial skills assessment.

3.12 **Other planned activity:**

3.12.1 The category management structure and internal procedures will also be reviewed during the year with the support of colleagues from Orbis. The review will be a “health check”, with the focus primarily on the procurement function to ensure the appropriate systems and procedures are in place, and to ensure that all available data sources are used and key stakeholders and suppliers are involved at the right time in each project.

3.13 The procurement team will be supporting a number of procurement projects over the course of the year, these include:

- Creation of new contract arrangements for temporary housing accommodation with private landlords;
- Supporting several regeneration projects;
- Tendering a number of property maintenance related contracts for both Civic and Adur Homes properties;
- Provide procurement support for Highdown Garden HLF bid;
- Retender the VCS/Community Support Infrastructure contract;
- Review and re-tender the contract for providing manned guarding at council facilities;
- Reviewing existing arrangements for internal printing (via the MFD fleet), external printing, postage and distribution. Re-tender all or elements of these requirements as appropriate

3.14 The Councils’ stationery contract is also due to expire at the end of year. It is intended to review the stationery and copier paper usage and contracts in conjunction with the Councils Strategic Sustainability Manager under a whole life costing model. The review will consider:

- Demand Management - the product usage and value of the contract has reduced through centralised control of the requirement, but more could be done to reduce the amount of copier paper used;
- assessment of sustainability of the products used - for example the country of origin of high usage products; using unbleached, recycled copier paper rather than FSC virgin pulp;
- delivery arrangements - the amount of packaging used; the frequency/amount of deliveries; delivery miles.

4. Financial Implications

- 4.1 The cost of the new arrangements with the Orbis Partnership will be met from the existing budget.

Finance Officer: Sarah Gobey

Date: 23rd August 2018

5. Legal Implications

- 5.1 The legal basis for the arrangement will be via a delegation agreement under Section 101 of the Local Government Act 1972.

Legal Officer:

Date:

Background Papers

- Report to the Joint Strategic Committee on the 6th June 2018 - Achieving value through a responsible procurement strategy
- Adur and Worthing Councils Sustainable Procurement Strategy
<https://www.adur-worthing.gov.uk/procurement/sustainable-procurement-strategy/>
- Guidance Documents including the Councils' procurement toolkit
<http://awintranet/our-organisation/services/procurement/procurement-toolkit/>

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Sustainability & Risk Assessment

1. Economic

- All procurement activities can have a positive impact on the economic development of our places or the economic participation of our communities. The Councils' procurement procedures state officers should consider relevant aspects of Social Value on all procurement requirements irrespective of value, but subject to these criteria being proportionate to the nature of the contract.

2. Social

2.1 Social Value

- All procurement activities can have a positive impact on the social wellbeing of our places and our communities. The Councils' procurement procedures state officers should consider relevant aspects of Social Value on all procurement requirements irrespective of value, but subject to these criteria being proportionate to the nature of the contract

2.2 Equality Issues

- Equality issues are incorporated in the Sustainable Procurement Strategy as part of the broader Social Value consideration. The applicability of equalities should be considered for each individual procurement project.

2.3 Community Safety Issues (Section 17)

- Community Safety Issues are incorporated in the Sustainable Procurement Strategy as part of the broader Social Value considerations. How a contract or service delivery requirement can help to reduce crime and disorder should be considered for each individual procurement project.

2.4 Human Rights Issues

- Not applicable.

3. Environmental

- All procurement activities can have a positive impact on the management, custodianship and protection of our natural resources. The Councils' procurement procedures state officers should consider relevant aspects of Social Value on all procurement requirements irrespective of value, but subject to these criteria being proportionate to the nature of the contract

4. Governance

- The Sustainable Procurement Strategy and general operational procurement procedure support the delivery of the Councils' aspirations detailed in Platforms for our Places.

Appendix A

Sustainable Procurement Strategy Action Plan: Year 2 - 2018-2019

From 1st April 2018

This Action Plan will be revisited and refreshed every 12 months

Strategy Ref	Description	Target Timescale
SRM1; SRM4; SSS4; SSS5; SSS9	Complete the creation and population of a new Contracts Register	May 2018
CM1; CM6; SRM2; SV1; C5	Complete the review of Councils FY17/18 expenditure dataset, identify key categories of expenditure, key suppliers/contracts. Identify opportunities for category management, better contract management, embedding social value, and collaboration with other parties	June 2018
SV11	Publish Procurement Charter	June 2018
SV2;	Embed Social Value & Sustainability in key procurement projects; agree SV and Sustainability measurement protocol	July 2018
SSS9	Review our e-tendering solution	July 2018
SSS2;	Develop Year 2 procurement training programme	July 2018
SSS2;	Produce Procurement Skills/Competencies Matrix	August 2018
SRM3; SRM6; SRM7; C1; C3; C4	Embed Contract and Supplier Relationship Management practices into the organisation	September 2018
	Support Project Management peer review	September 2018
SRM8; SRM9; SSS6; SSS7; SSS8;	Enhance the quality of reports and data available from our e-procurement and new financial management systems	March 2019
C6; C7	Deliver minimum of £750,000 procurement savings	March 2020

Appendix B

Adur District Council and Worthing Borough Council

Responsible Procurement Charter

This Charter sets out the Councils' vision and some principles for working in partnership with us.

Adur & Worthing Councils' have adopted a number of commitments for the betterment of our communities, residents and businesses in our new corporate objectives "Platforms for our Places". These include improving financial and social wellbeing and protection our natural environment.

Social Value

The Councils are committed to improving the financial and social outcomes and general wellbeing of our residents and communities. We will use our procurement activities to generate additional social value benefits wherever possible.

We want our suppliers to share our values and goals and to work closely with the Councils throughout the contract, to support us both in delivering social improvements and identifying other opportunities.

Environment and Sustainability

The Councils are committed to stewarding our natural resources by buying less, buying better and doing more with less resource. We want to "future proof" what we build and use, become more water and energy efficient. We seek to reduce our greenhouse gas emissions related to all activities including transport and energy use, and reduce the amount of waste produced and going to landfill. We seek to phase out use of single use materials and in particular single use plastics.

We will also work closely with our communities and suppliers to enhance and protect the natural environment by choosing products and services delivering the best environmental outcome. This includes supporting the use of Fairtrade, ethically and sustainably sourced products.

We expect our suppliers to assist us in achieving these objectives by minimising their own impact on the environment and by working with their supply chains, the Councils and our partners to create circular economies.

Safeguarding And Prevent Duty

The Councils are committed to ensure the Safeguarding of everyone but especially children, young people and vulnerable adults. The Councils also have a duty to take measures preventing people from being drawn into terrorism.

Where a Supplier provides relevant services and the Safeguarding or Prevent duties are passed to them we expect the Supplier to have appropriate staff training, monitoring and reporting procedures in place.

Modern Day Slavery

The Council recognises the principles contained in the Modern Day Slavery Act align with our commitments towards improving social outcomes for our residents and communities.

If you are a Supplier required by Law to publish an annual slavery and human trafficking statement, outlining the actions your organisation is taking to prevent these activities occurring in your supply chains, the Councils will expect to see these on your website. The Councils may require other suppliers to provide evidence of the measures they are taking to prevent such activities particularly if they are operating in potential higher risk markets.

Health & Safety

The Councils believe that all accidents are preventable so we do everything safely and responsibly or not at all. We aim to provide our staff with the training, work methods and equipment necessary to achieve the highest level of health and safety performance.

We expect our suppliers to comply with all relevant health and safety legislation and government guidance in regards safe working practices where appropriate.

Suppliers working on our sites are expected to comply with the Councils' health and safety policy, and where applicable, we will seek evidence that our suppliers are compliant.

Accounting & Business

Accurate, reliable information and records are critical to meeting our Charter's principles. The supplier and the Councils must keep accurate records of all matters related to the supplier's business with then Councils.

Employment

As a responsible Employer the Councils are committed to promoting equal opportunities to all of our employees, residents, communities, local businesses and suppliers whether permanent or temporary.

The Councils will not discriminate on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation.

We expect all our suppliers to respect the people they employ directly or indirectly and offer a safe workplace that is free from harm, intimidation, harassment or fear.

Business Opportunities

The Councils are committed to ensuring that business opportunities are available to all suppliers irrespective of size or location. We will review each category area of expenditure adopting an appropriate sourcing strategy. Tenders will be advertised on the Council e-tendering system, and National Contracts Finder and OJEU as applicable.

Where the Councils appoint prime contractors we will work with them to open up and advertise sub-contracting opportunities for other suppliers

Prompt Payment

The Councils are committed to paying all undisputed invoices within 30 days. The Council expects any Supplier working with us to reflect the payment terms they receive from the Council to their supply chain.

Data Protection and Information Security

Suppliers must protect confidential Council information and where applicable any employee, service user, member of the public or business customers' personal data or information in accordance with all relevant laws, including the General Data Protection Regulations, and act to prevent its misuse, theft, fraud, or improper disclosure.

Suppliers must take due care in handling, discussing, processing or transmitting sensitive or confidential information that could affect the Council, its employees,

residents, service users, the business community or other members of the public even after their contract with the Council has expired.

Conflicts of Interest

Suppliers should avoid any interaction with Council employees or Elected Member that may conflict, or appear to conflict, with any employee or Elected Member acting in the best interests of the Councils.

Suppliers should not employ or otherwise make payments to any Council employee or Elected Member during the course of any business transaction (other than pursuant to the Council contract).

If a supplier employee is a family relation to any Council employee or Elected Member, or if the supplier has any other relationship that might represent a conflict of interest, the supplier should disclose this fact to the Councils and ensure that the Council employee or Elected Member does so too.

Bribery and Kickbacks

Suppliers must not engage in any form of commercial bribery or kickback, or offer any incentive or gift to any Council employee, Elected Member, their family or friends, in order to win or retain business or influence decision making.

For all transactions relating to the delivery of goods, works or services to Councils suppliers must comply with our Sustainable Procurement Strategy, Council Contract Standing Orders, Bribery Act 2010 and any other relevant national legislation.

Suppliers must keep current, accurate written accounts of all payments (including any sponsorship, meals, entertainment and anything of value) made to the Councils. Suppliers should make a copy of these accounts available to the Councils upon request.

Reporting

Suppliers who believe that a Council employee, Elected Member, or anyone acting on behalf of the Councils, has engaged in illegal or otherwise improper conduct, should report the matter to the Council. Suppliers similarly should report any potential violation of this Charter.

Reports may be made directly by email to Head of Legal Services – legal.admin@adur-worthing.gov.uk

A supplier's relationship with the Council will not be affected by an honest report of potential misconduct