

Procurement Corporate Scrutiny

April 2023

Agenda

Procurement Overview

2 Leveraging our scale to support Everyone's Essex

3 Working with others

4 What's coming

Procurement Overview

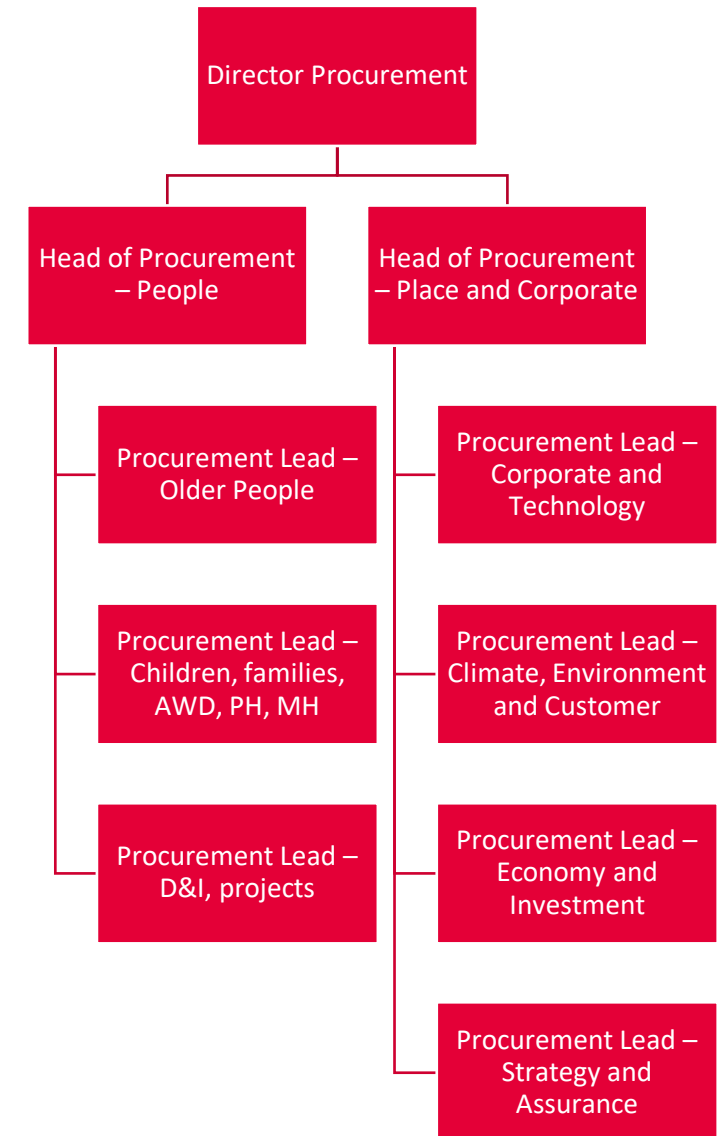
Procurement in numbers

Our service offer

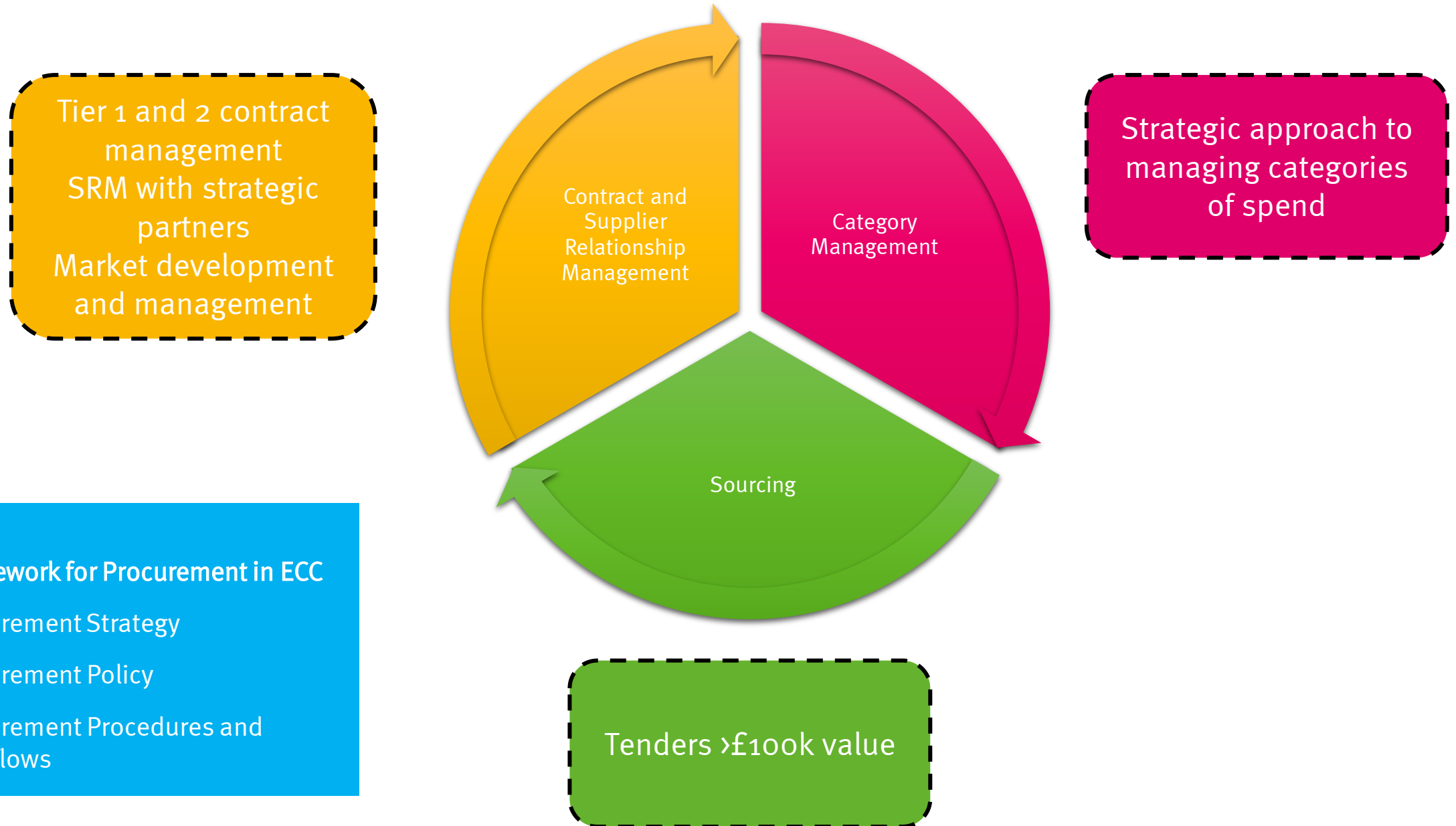
Driving efficiencies

Procurement in Numbers

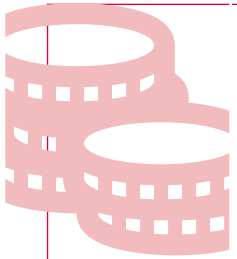
- Annual spend on third party goods, services and works – c£1.2bn
- Local spend – 64%
- SME Spend – 39%
- Size of team – 125 (some time limited roles for project activity)
- No. of contracts managed – 762 (some large frameworks with multiple suppliers)
- No. of suppliers managed – 649
- Managed contracts total value - £6.7bn (£920m per annum)



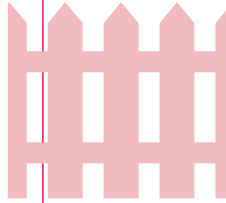
Procurement Service Offer



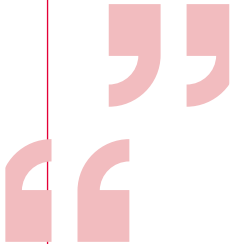
Driving efficiencies



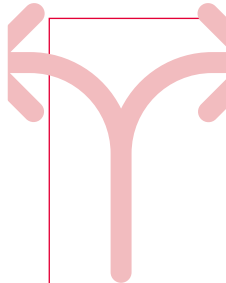
9% of a contract's value can be lost by poor or no contract management. We are relaunching our contract management processes via the new Commercial Value Playbook



Sourcing gateways will be in place from July to ensure further checks on consistency of approach



Request for Quotations are typically self service, evidence suggests the process is cumbersome and not adhered to. Full end to end review underway to drive efficiencies and simplify



Automation roadmap being developed for key processes

Leveraging our scale to support Everyone's Essex

- Sustainability charter
- SME project overview
- Strategic Supplier Forum
- Social Value
- Climate

Supporting Everyone's Essex

Supporting SMEs

Social Value

Climate through
Procurement

Strategic Supplier Forum

Sustainability Charter
Modern Slavery, Prevent,
Environmental, Social
Value, SMEs

SME Project Overview

How do we ensure we are as inclusive as possible for SMEs?

The bigger picture

Across Essex LA's total spend: **£3.9bn** of which **£949m, 24%** represents Small Medium Enterprises (SMEs) spend.

ECC total spend: **£1.2bn** of which **£468m, 39%** represents SME spend.

99.7% of Essex businesses are SME (there are only **190** non-SME's in Essex)

Nationally SMEs accounted for **61%** of employment and **51%** of turnover*

By proactively looking to be more inclusive of SMEs throughout Procurement we would be supporting Everyone's Essex commitment to **“help grow existing businesses and the economic sectors of the future”**.

We expect this project to help meet other commitments such as **good jobs, future growth and investment and green growth**.

We also anticipate that this will support ECC to bring in **innovation** and improve **responsiveness** of suppliers.

SME Project Overview

Better understanding within
Procurement of our local SMEs,
CVSs – who they are, what they
do

Understand existing best
practice

Improved accessibility to local
government procurement
activity

- Simple processes – not just for under threshold
- Clear visibility of opportunities
- Appropriate training

Improved communication –
more channels, more targeted
approach

Ensure under threshold spend
is reserved locally where
possible

Increase in SME spend from
38.5%

Work with tier 1 suppliers to
increase their local SME
utilisation in their supply
chains

More agile approach to
innovation

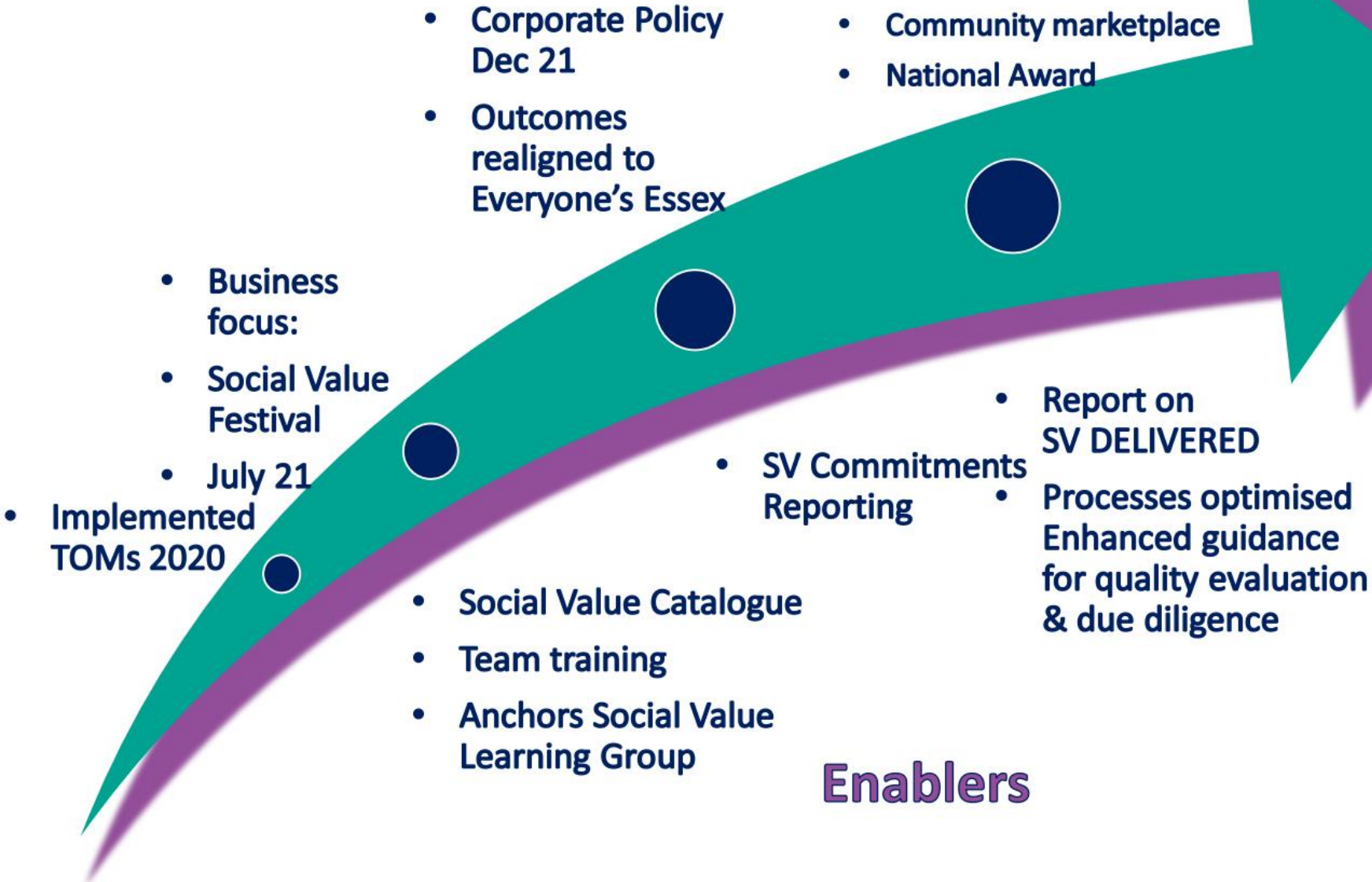
Awareness and training for
stakeholders on how best to
engage SMEs through
procurement

Social Value

Our journey so far

Recap on key deliverables

Milestones



What next?

- Procedural updates based on lessons learned
- Maximising the community exchange
- Levelling Up projects
- Potential beneficiaries e.g. schools, charities, SMEs

Enablers



Essex County Council

Social value commitments

A Strong, Inclusive and Sustainable Economy

4,886 hours dedicated to support young people and **7,583 hours** to support people over 24 years old into work

704 jobs for people who are not in long term employment, education or training and long-term unemployed people

182 jobs for people with disabilities

6,355 weeks of apprenticeships (based on an average level 2 apprentice of 52 weeks, this would be **122 apprenticeships**)

3,099 weeks of meaningful work placements or pre-employment courses



Commitment Headlines

34 contracts

117 suppliers

£72.1m committed

A High Quality Environment

11,860 tonnes of CO2e emissions saved including renewable energy measures

Health, Wellbeing and Independence for all Ages

£343,007 invested in initiatives or support to engage people in health interventions including mental health

£2,153,000 equipment and resources donated to local VCSE's

8607 hours volunteering time to support local community projects



Climate

Overview

Project Objectives

Leveraging ECC's scale and reach to positively impact climate agenda

Understand procurement best practice for climate and incorporate into policies and procedures

Ensure suppliers understand the priorities - both climate and vs other areas

Measuring the baseline and impact of Procurement and commissioning interventions

Hold suppliers to account on their commitments made

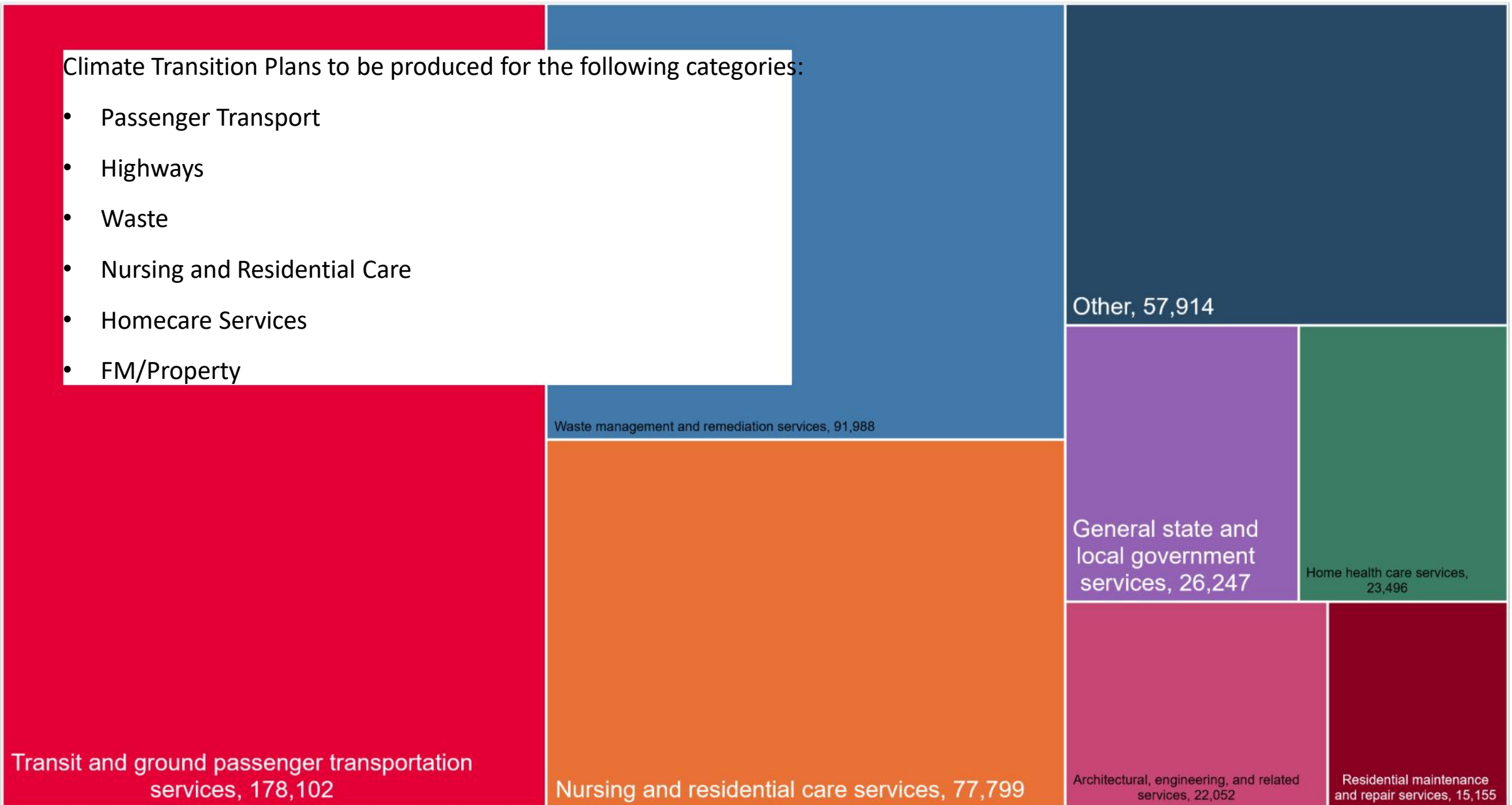
Engage and train suppliers on how to improve climate initiatives

Ensure SMEs are not adversely impacted

How we support service areas to commission their services with climate considerations using the procurement cycle

Climate Transition Plans to be produced for the following categories:

- Passenger Transport
- Highways
- Waste
- Nursing and Residential Care
- Homecare Services
- FM/Property



Strategic Supplier Forum

Leveraging our supply base

Everyone's Essex Strategic Supplier Collaboration Forum

Established in January 2023, bringing together strategic suppliers across different category areas to share learning and look at opportunities for collaborative working in pursuit of ECC objectives

Purpose

- To engage strategic suppliers in supporting ECC in delivery of EE priorities
- To focus on identifying innovative solutions to challenges
- To leverage the reach of our suppliers
- To share best practice and learning across sectors
- To identify areas of collaborative working to address cross cutting challenges and priorities

Criteria

- Importance of the supplier to ECC
- Cultural fit and willingness to engage and collaborate
- Forward thinking organisations focused on service development
- No significant performance concerns in BAU contracts
- Likely to have a longevity of relationship with ECC

Membership

- ECC Members
 - Cabinet Member for Finance, Resources & Corporate Affairs
 - Procurement
 - Levelling Up
 - Policy & Strategy
 - Technology
 - Finance
- 19 suppliers covering all category areas

Themes Identified



March 2023

How to prevent young people becoming NEET

Sub-group set up to take forward ideas



May 2023

Digital inclusion
Modern Slavery



Future Forum

Leveraging ECC spend and scale to benefit the Essex Economy



Future Forum

Climate reporting, measures and targets

Working with others

- Anchors
- Procurement Shared Service

Essex Anchor Network – Our Potential at a glance

Local Authorities

Total spend: **£3.9bn** from 15 LAs: Essex's districts, boroughs and city councils, ECC, and unitary authorities.

Which **£949m, 24%** represents SME spend;

£103m, 3% represents Charity/non-profit spend

NHS footprints

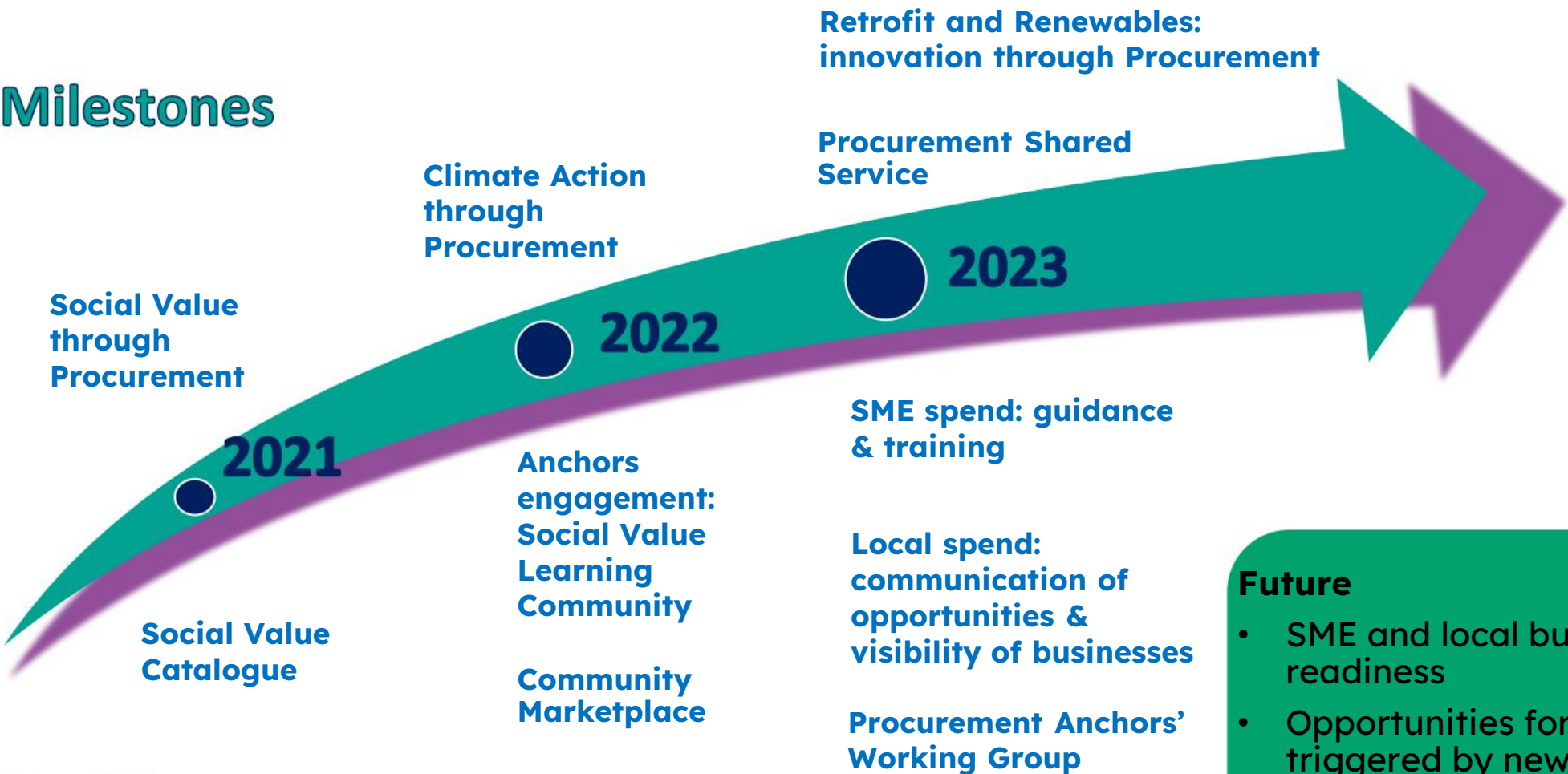
Total spend: **£3.5bn** from seven organisations: East Amb, EPUT, MSEFT, HWE ICB, MSE ICB, SNEE ICB, PAH.

Which **£296m, 8%** represents SME spend;

£35m, 1% represents Charity/non-profit spend.

Procurement workstreams – Progress overview

Milestones



Enablers

Outcomes

- Jobs
- Skills
- Opportunities for young people
- Community investment
- SME/Local spend
- Common procurement approaches maximizing impact

Future

- SME and local business ecosystem readiness
- Opportunities for local and SME spend triggered by new Procurement Regs
- Social Value common Themes and Outcomes, methodologies across anchors

Shared Procurement Service

Overview of work to date

The current picture...

The county of Essex consists of 12 district/ borough councils, two unitary councils, over 450 schools and a number of other public organisations.

Council spend across the county on support services alone totals £102 million. Whilst schools third party spend totals £68 million.

Many of these procure separately or in micro clusters, with one or two members of procurement staff. In some, procurement consisting of a part of a persons role. There is significant loss of value to Essex residents from poor procurement and contract management



Why create a shared procurement service?

1. **Increase Resilience** – Increasing the core team supporting the councils, enabling the team to flex to demand. This resilience is increased further through access to support from the wider ECC team.
2. **Increase Expertise** - a larger team enabling focus on specific categories of spend, so understanding these markets and enabling better value. Access to the wider ECC team will enable access to significant category knowledge and skills.
3. **Enable Collaborative savings** – By working together the team would be better able to access procurement forward plans and contract registers, aligning commissioning and contracts to both identify opportunities and as a key step towards devolution
4. **Reduction of duplication** – Both in terms of procurement activities but also in documentation and adherence to procurement rules, allowing teams to focus on additional cost saving activity.
5. **Staff Retention** – With access to a greater range of opportunities and links with the wider ECC procurement team, this should aid staff retention and attractiveness to candidates.

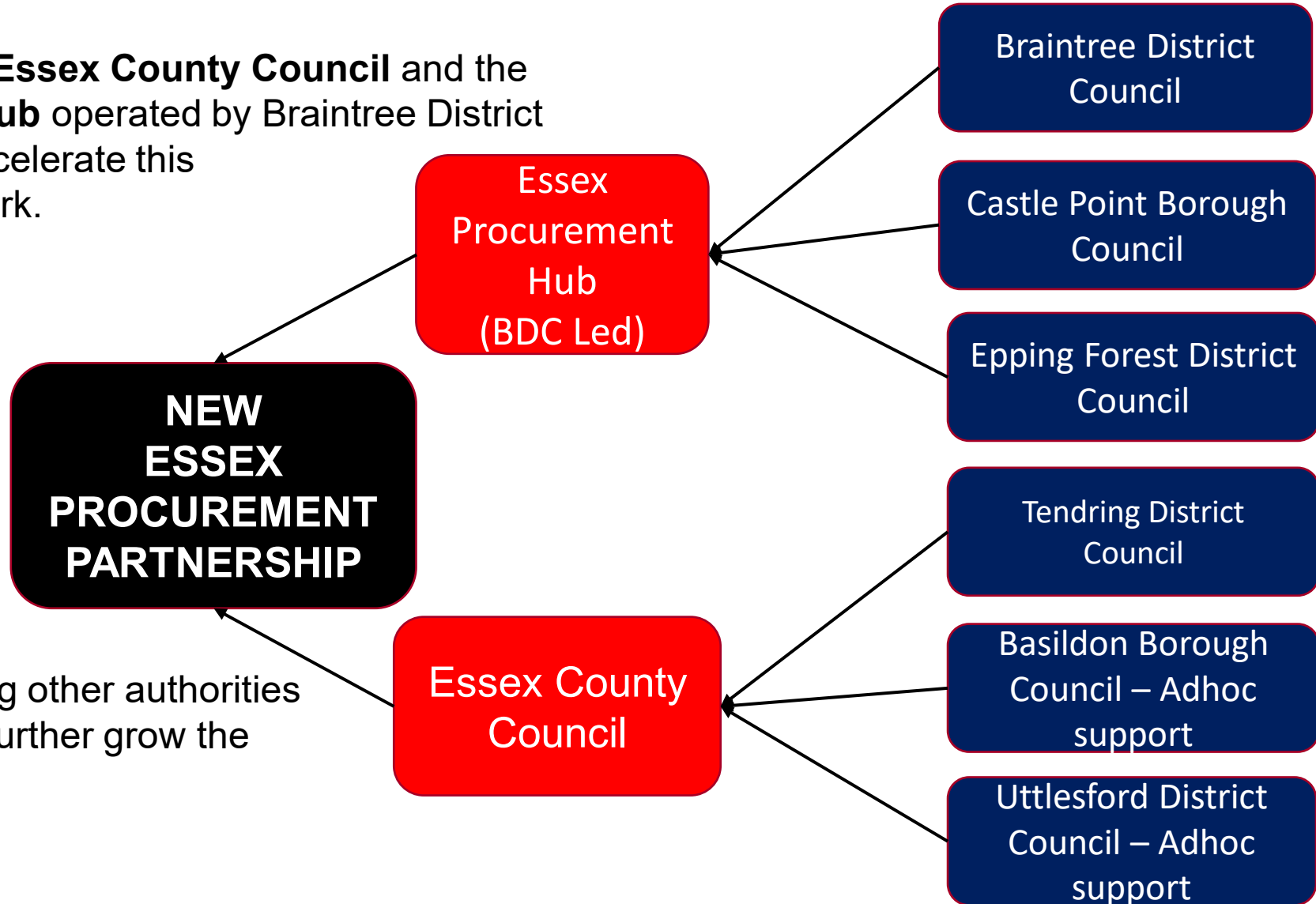
This work seeks to set the foundations for shared working beyond procurement, with the board structures able to support the development of other shared services supporting the devolution agenda.

Creating a Shared Procurement Service

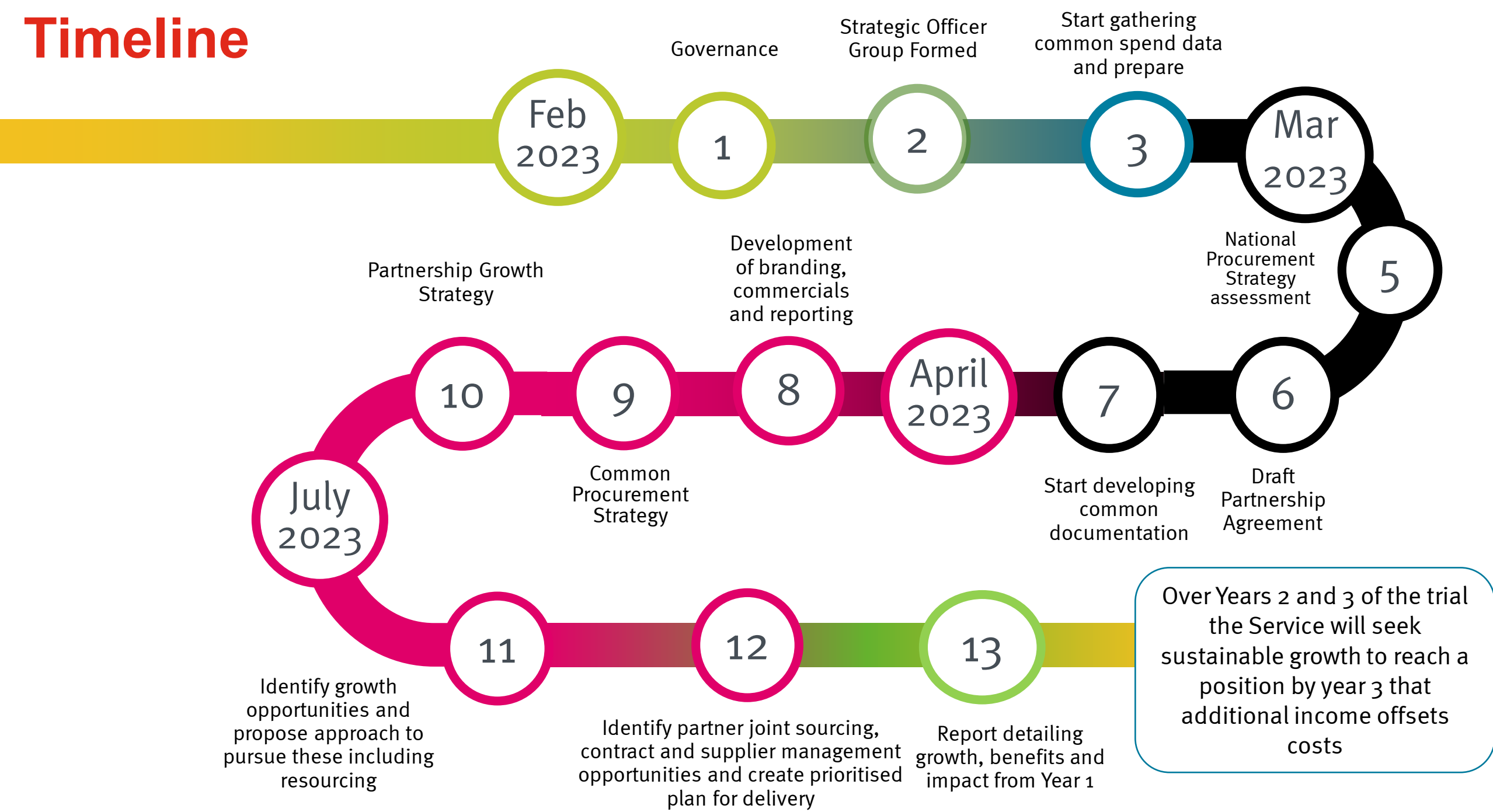
A partnership between **Essex County Council** and the **Essex Procurement Hub** operated by Braintree District Council, will quickly accelerate this shared procurement work.

The promotion of this partnership has already opened conversations with other Districts and Unitarites.

As we embed the service and show the benefits to collaborative working we hope to bring other authorities in to the partnership to further grow the benefits to all.



Timeline



What's coming

Procurement regulation change

Further supporting corporate priorities

Peer review

What's coming next?

Regulation changes

- Provider Selection Regime (new Procurement Regulations for Healthcare categories) expected Autumn '23
- Public contract regulations due to be live Spring '24
- Health and Social Care reform – October '25

Further supporting corporate priorities

- Support to the transformation themes and priorities aligned to contract timelines
- Using our scale and reach to support the Skills agenda in Essex

Peer review

- Peer review being scheduled for Autumn '23