

Forward Plan reference number: FP/350/03/22

Report title: Adoption of the ECC Procurement Strategy 2022/23 to 2024/25	
Report to: Cabinet	
Report author: Councillor Chris Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
Date: 21 June 2022	For: Decision
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County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 Procurement is a key enabler to delivery of the Council's overarching strategic aims. Seventy per cent of the Council's budget is spent on commissioned services and it is essential that the value of every pound spent is maximised to support the aims of Everyone's Essex.
- 1.2 The previous Procurement Strategy was valid from June 2018 to April 2022 and has therefore expired. The Procurement Strategy is aimed at everyone in the organisation with a role to play in delivering services in the external market. A new Procurement Strategy is required to support the organisation to understand the Council's approach to procurement and their role in supporting its delivery.
- 1.3 The Council's Procurement Strategy has been updated to bring it in line with the Everyone's Essex priorities, including the Levelling Up agenda, detailing how the organisation's approach to Procurement will support the Council to achieve its strategic aims within its financial constraints.

2 Recommendations

- 2.1 Adopt the Council's Procurement Strategy 2022/23 to 2024/25 as appended to this report.
- 2.2 Agree that implementation of the Strategy will commence on 1st July 2022.
- 2.3 Agree that the Cabinet Member for Finance, Resources and Corporate Affairs is authorised to agree any changes at the light touch annual review points in April 2023 and April 2024 prior to the full refresh of the Strategy in April 2025.

3 Background and Proposal

- 3.1 Essex County Council has an existing Procurement Strategy 2018/19 to 2021/22. A new strategy has been produced to take account of changes to the world since

the current strategy was adopted, taking account of Everyone's Essex and the latest priorities for procurement within the organisation.

- 3.2 There are major changes and challenges ahead for procurement including inflation predicted to reach 10%, a 40-year high, by Quarter 4 2022. With the majority of the Council budget being spent in the external market, there is a significant role for procurement to play in supporting the organisation to meet the growing financial challenge. Alongside this, as a result of the UK's exit from the EU, there is new Procurement legislation expected in 2023. This will bring greater opportunity to align procurement practice with local priorities and the organisation needs to ensure it takes full advantage of the changes coming to maximise the benefit to Essex residents. The Procurement Strategy articulates these challenges and the priorities ahead to ensure a common understanding across the Council and a clear focus on delivery of the required outcomes.
- 3.3 The Procurement Strategy sets out the Council's approach to procurement, detailing how it supports delivery of the overarching organisational objectives and setting a framework within which procurement will be delivered within ECC. It sets out the priorities for the Procurement Service over the three-year period covered by the Strategy as well as the roles and responsibilities within the Council relating to procurement activity.
- 3.4 The main changes to the Council's Procurement Strategy dated June 2018 are detailed below. The changes will ensure that procurement within ECC remains aligned to wider organisational objectives and that appropriate focus is given to priority areas such as financial sustainability, delivery of social value within Essex and supporting the Council's goal of reaching net zero by 2030. It articulates the priorities for the Procurement Service over the three-year period covered by the Strategy to give a clear direction and focus for the Service and greater visibility to the wider organisation.
- 3.5 The main changes include:
 - 3.5.1 Reference to Everyone's Essex, strategic aims and commitments.
 - 3.5.2 Reference to the Council's Levelling Up agenda including the priority locations and cohorts.
 - 3.5.3 Updated information relating to the Council's budget and financial position including the growing financial challenge given the macro-economic outlook.
 - 3.5.4 Alignment of the vision for Procurement Services to the overarching aims of the Council.
 - 3.5.5 Articulation of the priorities for Procurement over the period 2022/23 to 2024/25 including an increased focus on supporting the organisation with its financial challenge over the short to medium term.

- 3.5.6 Strengthening of the Strategy with regards to social value and climate as key priority areas, referencing the Social Value Policy approved by Cabinet in December 2021.
- 3.5.7 Reference to the Council's new approach to the Equalities Comprehensive Impact Assessment, to include Levelling Up, impact on health inequalities and geographical groups, impact on families with children, digital accessibility and impact on climate.
- 3.5.8 A new section including the measures of success of the Strategy. These measures include areas such as delivery of savings and efficiencies, Social Value delivered through suppliers and reduction in carbon emissions through the supply chain.
- 3.6 A light touch review of the Procurement Strategy will be conducted annually in April 2023 and April 2024 in advance of the Strategy expiring in April 2025. The aim of the light touch review is to ensure that all of the content remains relevant and to refresh any out-of-date material to keep the Strategy live and current. This would include a review of the organisational aims and priorities (the current Everyone's Essex plan is valid between 2021-2025), an update of the financial context for the Council and a review and refresh of the priorities for the three-year period to make sure they remain reflective of the ambition for the Procurement Service. It is proposed that the Cabinet Member for Finance, Resources and Corporate Affairs will approve any changes required with the full refresh due in April 2025 going to Cabinet for approval.

4 Links to our Strategic Ambitions

- 4.1 This report links to the following aims in the Essex Vision
- Enjoy life into old age
 - Provide an equal foundation for every child
 - Strengthen communities through participation
 - Develop our County sustainably
 - Connect us to each other and the world
 - Share prosperity with everyone
- 4.2 The updated Procurement Strategy supports delivery of all of the aims in the Essex Vision in that the Procurement Service covers commissioned services across all areas of the organisation. The focused work on Climate and Social Value particularly supports delivery of 'developing our County sustainably' and 'share prosperity with everyone'.
- 4.3 The Procurement Strategy makes overt reference to the Council's climate ambitions and the need to support this through embedding climate considerations throughout the procurement lifecycle. Over 90% of the organisation's carbon emissions are through the supply chain, rather than what it directly produces.

4.4 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5 Options

5.1 Option 1 – Do nothing – not recommended

The Procurement Strategy expired in April 2022 and is no longer reflective of the Council's strategic aims and objectives.

Without an agreed corporate-wide strategy there is a risk that the Council's approach to Procurement does not fully align with the organisation's wider goals and key priority areas are not delivered.

This option is therefore not recommended.

5.2 Option 2 – Approve the updated Procurement Strategy – recommended option

This option is recommended as the current Strategy expired in April 2022.

The new strategy will bring the Council's Procurement Strategy in line with the current wider organisational aims and objectives and will provide guidance to officers undertaking procurements. The Procurement Strategy will assist in ensuring that procurements comply with both statutory requirements and the Council's own constitutional requirements.

There will be a light touch review of the Strategy annually in April 2023 and April 2024 before a full refresh of the Strategy is carried out for 2024/25.

6 Issues for consideration

6.1 Financial implications

6.1.1 The recommendations presented in this report do not request funding or additional budget allocation.

6.1.2 There are no direct cost implications to Essex County Council that can be quantified through implementation of the Procurement Strategy recommended in this report.

6.1.3 Whilst not directly quantifiable within the Procurement Strategy, it is expected that the implementation of the Procurement Strategy will enable ECC to continue

to identify savings and ensure value for money while meeting wider organisational aims and objectives.

6.1.4 An ongoing, strong Procurement Strategy and approach is essential to help support in mitigating present and future challenges. Based on current rising inflation levels that are predicted to widen the council's budget gap in future years.

6.2 Legal implications

6.2.1 It is important that any policy is clear and sets out the framework within which the council intends to operate. Procurement as an activity is becoming increasingly litigious and a failure to follow a procurement policy or give sound reasons why it is not being followed, or if the policy is itself flawed could give rise to legal challenges.

6.2.2 A good overarching procurement strategy can clear guidance for officers when procuring goods and services, whilst at the same time supporting the organisation's priorities and strategic themes.

6.2.3 The Procurement Strategy should offer clear guidance to ensure procurements comply with both statutory requirements and the Council's own constitutional requirements.

6.2.4 If the Council does not have a Procurement Strategy, it will increase the risk of procurements not supporting the priorities of the organisation and potentially increase the risk of non-compliant procurements.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic. Any impact will be positive as the updated Procurement Strategy puts the organisation's strategic aims at the heart of it and the focus on Social Value and Climate in particular will further the Levelling Up ambitions.

8 List of Appendices

8.1 Updated Procurement Strategy 2022/23 to 2024/25

8.2 Equality Comprehensive Impact Assessment

9 List of Background papers

None