

Southend-on-Sea Borough Council

Report Executive Director Finance and Resources

To

Cabinet

On

23rd February 2021

Report prepared by: Lee White, Head of Corporate
Procurement

**Agenda
Item No.**

Annual Procurement Plan 2021-22

**Cabinet Member: Councillor Woodley
“A Part 1 Public Agenda Item”**

1. Purpose of Report

This report provides the annual procurement plan for 2021/22 in terms of those procurements with a contract value in excess of £1m which require cabinet approval prior to commencement. This is an annual requirement under Part 4g (Contract Procedure Rules) of the Council’s constitution. The report also provides a link to where we host the Council’s revised corporate contract register and 3 year procurement pipeline plan. This will be updated for 2021-24 by the end of March 2021.

The report also brings to your attention the recently published Procurement Policy Note (PPN) ‘Reserving Below Threshold Procurements’ ([PPN 11/20](#)) and we ask for your approval (pending legal advice) to bring this into the Council’s procurement procedures for as long as we have the mandate from Central Government as it supports the local economic recovery.

2. Recommendation

- That **approval** is given for those procurements provided in the attached appendix for 2021/22 (£1m+ contract value)
- That **approval** is given (pending legal advice) to amend our procurement procedures (for as long as the PPN remains in place) to allow use of PPN 11/20 and the reservation of below threshold contracts for ‘Local Suppliers’ (note that following legal advice ‘Local’ in the PPN is defined by County but under law Southend is defined as a County due to its Unitary status and so we can utilise the Borough boundary)
- That **approval** is given to our tiered approach to the delivery of the 2021-22 procurement plan should we need to apply a flexible use of resource again to support the pandemic response and associated priorities

- That members **note** the full procurement plan for 2021/22 (contracts with a value of £25k and above) will be listed at <http://seattle/Pages/Contracts-Register.aspx> by the end of March.
- That members **note** that those capital projects approved by cabinet as part of the capital programme and with a value of over £25k, will also form part of the final procurement plan for 2021/22
- That members **note** the development and contents of the corporate contracts register- which is publicly available via the Council website at the above link
- That members **note** development of the 3 year procurement pipeline plan (2021-24) will be finalised by the end of March and hosted at the above weblink
- That members **note** the flexible approach taken to the delivery of the procurement plan during 2020-21 due to the pandemic, competing priorities and the need to re-distribute Council resources (for context 73 of the 320 Procurements/contracts on the plan were either extended or deferred to 2021/22)
- That members **note** spend with local suppliers in 2019-20 was 35% (out of a spend of c£150m) and we continue to monitor this each financial year- the current spend during 2020-21 is detailed within the report in section 5
- That members **note** the continued implementation of our Corporate Contract Management system
- That members **note** we continue to provide training to local suppliers on how to access and bid for Public Sector contracts as spend across the sector is £290Bn per annum (versus c£150m by Southend)
- That members **note** although Brexit has taken place that the Public Contract Regulations 2015 are still part of UK Law and there remains the requirement to award contracts in an open, fair and transparent way. Our contract procedure rules are already set to support local spend as far as the law allows and so the above PPN 11/20 is the other opportunity we have.

3. Background

Each year councillors review and approve the Council's annual procurement plan. In line with the constitution, Cabinet is required to agree procurements with a value in excess of £1m (Appendix 1). For information a link is also provided above to where we will host the full annual procurement plan (all procurements over £25k), corporate contract register and 3 year procurement pipeline plan (2021-24).

During 2020/21 there has been continued work undertaken by Corporate Procurement along with contract managers and Executive Director management teams to review the Council's expenditure with suppliers and review our comprehensive corporate contracts register. The reasons for continuing this extensive work are:

- To provide a comprehensive register of the Council's key contracts (covers c£120m annual spend)- the register will also include contracts held by South Essex Homes, South Essex Property Services, Southend

Adult Community College, Trading Companies owned by the Council and also education funded contracts which we support in terms of procurement activity (this will highlight joint commissioning opportunities)

- Provide a comprehensive register of the Council's contract managers and those responsible for implementing the Council's commissioning framework
- Assist in the ongoing Real Living Wage review with suppliers
- Assist in the development of a 3 year procurement pipeline plan- this is to support service areas in their commissioning plans as well as suppliers and local businesses in their business planning (as they will know when future opportunities are due to be published)
- The 3 year pipeline plan also aligns with the Southend 2050 Roadmap to 2024
- Assist the Governance Boards (namely the Commissioning and Investment Boards) in their future planning, strategic reviews of expenditure, contracts and commissioning. This should support the Council in the delivery of efficiencies against contractual spend and help meet its financial targets

Alongside the development of the corporate contracts register we have finalised the design phase of our corporate contract management system which was procured in 2019/20. We already have most of our strategic contracts set up within this system which will provide a digital interface with suppliers so that contracts may be managed more effectively. The system will also provide a single web-based system where our contract documentation can be held and suppliers will provide reports/accounts/documentation- this will facilitate knowledge transfer should contract managers change.

PPN 11/20 Headlines

- We will be looking to use this flexibility during 2021-22 (or until such time the PPN could be lifted by Central Government)
- We have asked a number of clarifications of a legal advisor and Crown Commercial Services are also seeking legal advice on a number of clarifications we have asked about the PPN
- This flexibility hasn't been available prior to the issuing of this PPN in December 2020 and only took effect from the 1st January 2021
- To be able to apply this PPN we will need to approve the update to our procurement procedures
- The PPN defines 'Local' as within a 'County Boundary' but following legal advice the law would set this boundary as Southend Borough due to our Unitary status. We are not permitted to set the reservation across multiple County boundaries as so the Southend Borough would be the limit of our reservation
- In markets where we feel value for money possibly won't be achieved by reserving contracts to 'within Southend' we will choose to publish these more widely- this would be considered through the options appraisal process and commissioning board
- Each tender where we choose to use this flexibility must clearly state it is being applied (we will be agreeing clauses for our tender documents which will need to be included)

- The PPN also allows contracts to be reserved for the 'Voluntary, Community and Social Enterprise' sector where they are 'below threshold'
- The value of contract that can be included are 'below threshold' and legal advice has stated that existing Government Acts will restrict this to services and light touch contracts (works contracts are excluded):
 - Services = up to £189,330
 - Light Touch- Social and other specific (health and education) = up to £663,540
- Although its not the intention of the PPN given the current context the reserving of contracts within the Borough boundary may also support the COVID response in terms of limiting staff movement/travel across the region and UK

Flexible Approach to delivery of the 2021-22 Procurement Plan

1. Capital Programme-

Procurements to proceed as approved within the programme given that this is key to supporting the local and wider economy and is new money each financial year put into the economy.

2. Current revenue funded contracts due for re-commissioning-

This is where I'm proposing a flexible approach should we not have sufficient resource to deliver the plan across the service areas:

a) Priority High-

Those which are not delivering value for money based upon

- Performance or
- Outcomes contribution to Southend 2050 and/or the Pandemic priorities or
- Poor value evidenced by benchmarked pricing

These procurements will proceed without question as we cannot accept poor services, poor outcomes for service users and/or poor value (due the financial climate)

b) Priority Medium-

Those which are deemed to be delivering value for money and are not local based suppliers (office base outside a Southend SS postcode) based upon

- Performance and
- Outcomes contribution to Southend 2050 and/or the Pandemic priorities and
- Good value evidenced by benchmarked pricing

These procurements will proceed but retain the option to extend up to 12 months beyond their term following an approved business case

c) Priority Low-

Those which are deemed to be delivering value for money against the same criteria listed in 'Priority Medium' and are local based suppliers (office base at a Southend SS postcode)

These procurements will proceed if we have sufficient resource but if not we will retain the option to extend up to 12 months beyond their term following an approved business case

The approach outlined above we believe will ensure we are providing good quality service, delivering best value for the Southend £, and protecting/supporting the local economy.

4. Other Options

Annual approval of the Council's procurement plan is required under the constitution.

We could choose to not embed the PPN 11/20 into our Council procurement procedures but we may lose the opportunity to further support the economic recovery.

We could choose to not apply a tiered approach to the delivery of the procurement plan during 2021-22 but this will potentially reduce the flexibility of our workforce (especially those within corporate procurement, commissioning teams and contract managers across the Council). For example 2 officers within the corporate procurement function have been partially released to support the local Test, Track and Trace service.

5. Reasons for Recommendation

- Approval of the Council's annual procurement plan is required under Part 4g of the Council's constitution
- Members are aware of the development of the comprehensive contracts register and 3 year procurement pipeline plan, and the benefits this will provide in terms of the Council's commissioning plans, financial planning as well as future planning for suppliers and local businesses
- Pending legal confirmation, the use of PPN 11/20 would support the economic recovery as would the application of a tiered approach to delivery of the 2021/22 procurement plan, whilst still ensuring our contracts deliver value for money
- Its worth noting that in the first 3 quarters of 2020-21 contractual spend with local suppliers (based at a Southend SS postcode) has been 33%. Extending the data has highlighted that spend across the full SS postcode area has been 38% and across the Essex County area it increases to 50%- Southend's spend is therefore a key contributor to the local economy (businesses and employment)

6. Corporate Implications

6.1 Contribution to the Southend 2050 Road Map

As detailed above the development of the 3 year Procurement Pipeline plan (2021-24) aligns with the Southend 2050 Road Map and will assist in our future planning and commissioning decisions. Each contract within the plan will be thematically coloured in terms of which outcomes the contract contributes towards. As part of the design of the corporate contract management system we've also developed a field to identify which of the 5 themes each contract supports. Also as part of the procurement process each options appraisal also includes a review of how the contract will assist in the delivery of the outcomes within Southend 2050 and delivery of the Road Map.

6.2 Financial Implications

The annual procurement plan and its delivery will contribute towards the Council's financial targets. As in previous years delivery of the plan has supported reductions in revenue expenditure as well as cost avoidance through ensuring best value is achieved against capital projects (e.g. during 2020-21 £1.65m in cost avoidance was achieved).

6.3 Legal Implications

The development of a corporate contracts register which will be publicly available supports the requirement for transparency in terms of expenditure in the public sector. Where the Council has contracts which are due to complete their contract term it's a legal requirement that these contracts are once again market tested (unless the decision is to de-commission). Further extensions can only be provided under exceptional circumstances, which was applied during 2020-21 as noted above and will continue to be applied during 2021-22.

We are seeking legal guidance regarding the application of PPN 11/20 and the inclusion of this into the Council's procurement procedures for as long as we have a mandate from Central Government. Discussions have taken place between the Council's Head of Procurement and regional leads at the Crown Commercial Service who are supportive and have welcomed the intention of a Local Authority using this PPN, given it was introduced to support the economic impacts of the pandemic. Given its availability from the 1st January 2021 only Cambridgeshire and Southend have currently looked to embed the PPN to the best of their knowledge.

6.4 People Implications

The key 'People' implications could be that if we are not to apply the tiered approach to delivery of the procurement plan during 2021-22 this could restrict flexibility of the Council's workforce in supporting our response to the pandemic.

Application of the PPN 11/20 (if legally permitted) could also support the local economy and the recovery and so this could have a positive impact on local employment and businesses.

6.5 Property Implications

None

6.6 Consultation

This report is to approve the annual procurement plan. For each individual procurement there will be consideration of what consultation and engagement will be required as per the Council's Commissioning Framework and legal requirement to consult.

6.7 Equalities and Diversity Implications

As noted above in 6.6 this report is to seek approval of the annual procurement plan but within each project on the plan there will be consideration of equalities and diversity. The development of the corporate contracts register will support transparency and also assist suppliers and local businesses in their future planning and equality of access to contract opportunities- this was welcomed at the local business workshops during 2020 as well as those who attended our presentation to the Essex Federation for Small Businesses in 2020.

6.8 Risk Assessment

It is imperative that the annual procurement plan is approved so that those high value procurements listed within can commence market engagement and consultation in time to conduct a full tender exercise.

The application of PPN 11/20 (if approved from a legal perspective and members) requires there to be an assessment as to where its best applied and doesn't have an impact upon value for money- for instance where there is a restricted local market in a particular sector we may well then decided to open up the opportunity to full UK market so as to ensure best value (in terms of both price and quality).

6.9 Value for Money

Delivery of the annual procurement plan is one of the Council's ways of market testing opportunities and ensuring that the most economically advantageous tender is awarded the contract (in terms of value and quality).

6.10 Community Safety Implications

Within the annual procurement plan there will be a number of contracts that support outcomes in terms of improving community safety.

6.11 Environmental Impact

Within the annual procurement plan there will be a number of contracts that support outcomes in terms of improving the town's environment. Social Value is also tested through a number of procurements which can deliver added value in terms of our local economy, community wellbeing and the environment.

7. Background Papers

The current Corporate Contracts Register and 3 Year Procurement Pipeline Plan can be found on the intranet at:

<http://seattle/Pages/Contracts-Register.aspx>

8. Appendices

Appendix 1- Annual Procurement Plan 2021-22