

CORPORATE FINANCE & PERFORMANCE SCRUTINY PANEL		DATE 15.07.2021
TITLE Progress report on the implementation of the Procurement Strategy and Social Value Policy (Sept 2020– May 2021)		ITEM NO 7
CHIEF OFFICER Director Finance	CABINET MEMBER Finance and Resources	
DECISION CLASSIFICATION <i>Non Key</i>	IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING? No decisions are made by this Scrutiny Committee.	

I. Decision Required

- 1.1 To note the progress made on the implementation of the Procurement Strategy and Social Value policy for the period from Sept 2020 – May 2021 (8 months).
- 1.2 To note that due to the impact of Covid-19 during the period under review, many contracts were not re-tendered and also, other planned procurement activities were delayed.

2. Links to the Royal Greenwich high level objectives

- 2.1 This report relates to the Council's agreed high level objectives as follows:
 - A Healthier Greenwich
 - A Safer Greenwich
 - A Great Place to Grow Up
 - Delivering Homes Through Economic Growth
 - A Cleaner, Greener Greenwich
 - Economic Prosperity for All
 - A Great Place to Be
 - A Strong Vibrant and Well-run Borough

3. Purpose of Report and Executive Summary

- 3.1 An effective procurement framework helps to facilitate the smooth running of Council services and achieving policy objectives. This report outlines the progress made in implementing the procurement strategy and the social value policy including the social value framework approved by Cabinet in Oct 2019.

4. Introduction and Background

- 4.1 In October 2019, Cabinet approved a new Procurement Strategy, Social Value Policy and Social Value Framework.
- 4.2 The Procurement Strategy promotes four key strands, and they are:
- i) Delivering value for money
 - ii) Supporting our Local Economy
 - iii) Supporting wider Council's objectives or policies
 - iv) Innovation and the Future
- 4.3 The Social Value Policy promotes a change in procurement towards adopting practices which ask suppliers to offer individual and community benefits as additional outcomes; over and above the core requirement, as part of the contract delivery in line with Public Services (Social Value) Act 2012. The Social Value Framework is a dynamic document which lists the outcomes that constitute or represent social value to the Royal Borough. It is for potential suppliers who are bidding for our high value contracts to choose from when making their offer of the kind of social value they are willing to commit to, during the delivery of the contract.

Value for Money

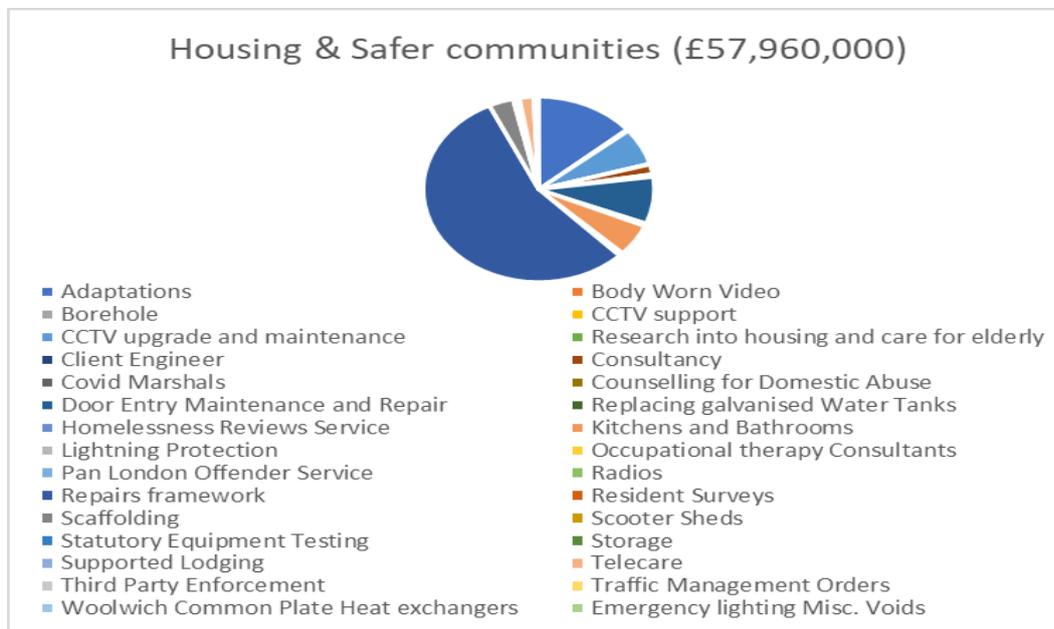
- 4.4 Due to the pandemic many of the procurements during the period under review did not go ahead. For those that did, they were procured in a compliant manner and were awarded based on the most advantageous tender basis.
- 4.5 The contracts procured and successfully awarded including direct awards contract via the corporate procurement team for the period 01 Sept. 2020 to 31 May, 2021 are shown in the diagrams below. Please note that the graphs do not include contracts that departments may

have awarded without utilising the services of the corporate procurement team:

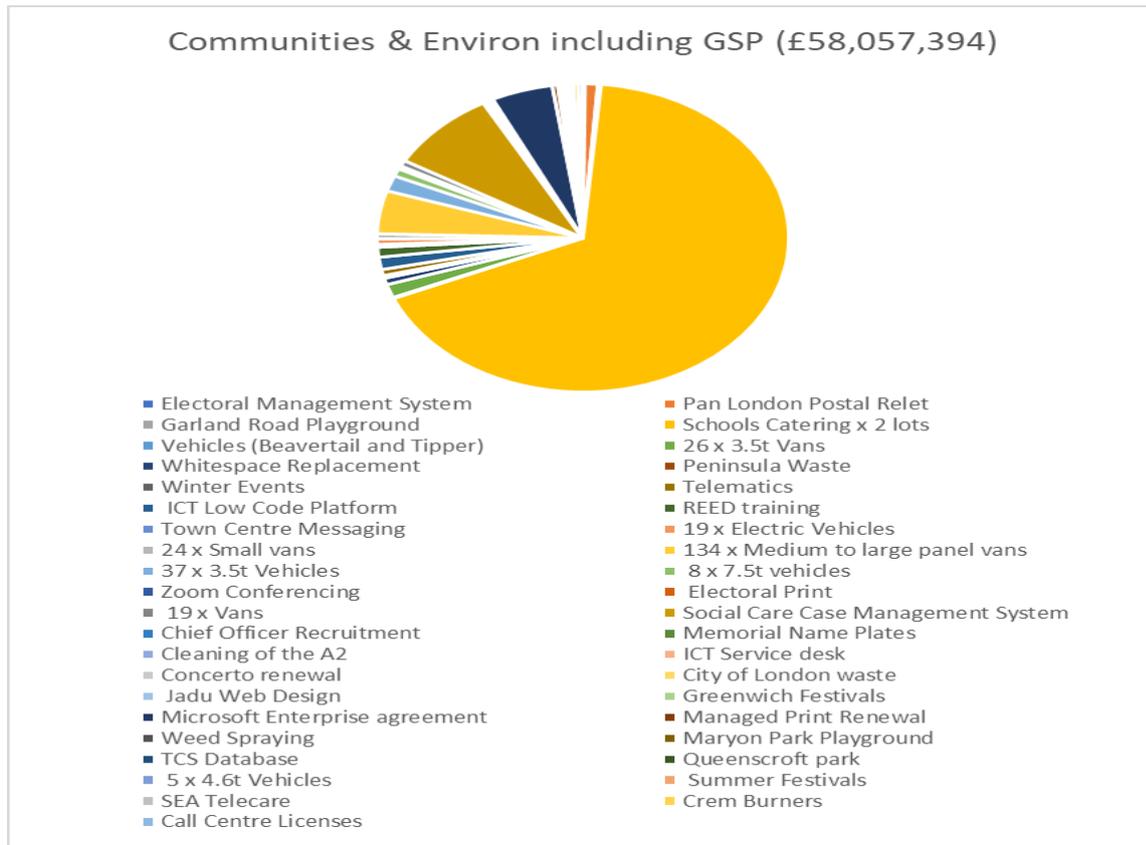
DRES



Housing and Safer Communities

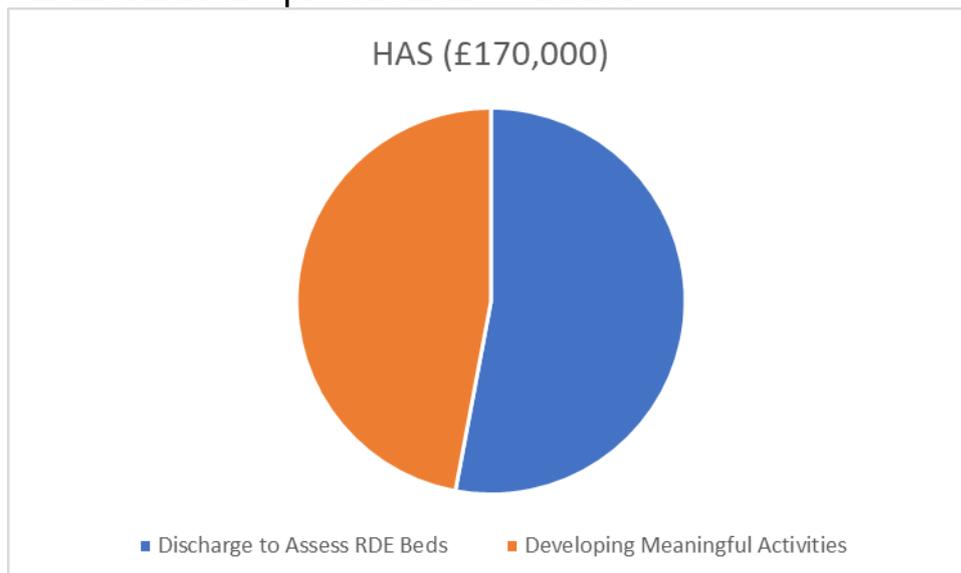


Communities and Environment

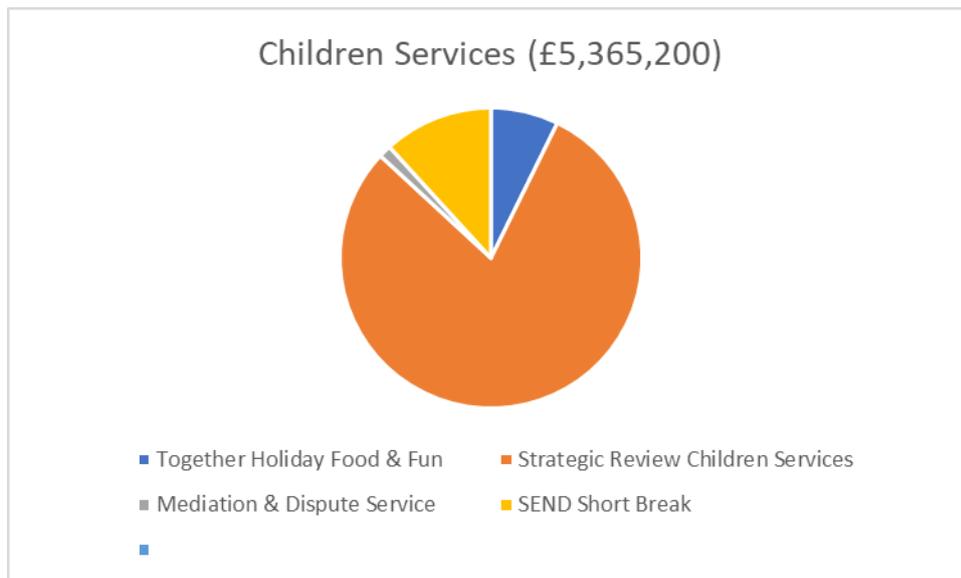


Health and Adult Services

Please note, there is ongoing work relating to integrated commissioning which will inform future procurement activities.



Children Services



Finance

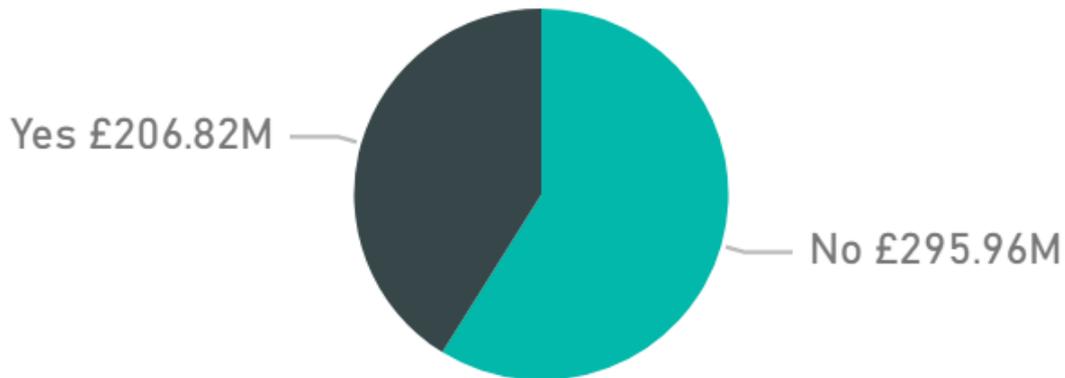
There was one contracts awarded, working with corporate procurement team, during the period under review:

- Banking Services (Lot 1) – estimated cost of £472,488 over a period of 6 years.

- 4.6 The Council’s contract register continues to show that there is still a big spend which is not captured within the corporate register as at May 2021. However, by the beginning of July, we shall be launching the annual procurement forward planning exercise which aims to identify and develop a plan for future procurement activities in each directorate and also the overall corporate procurement plan. This exercise involves officers updating their last year entry for the financial year ending 2021/22 and providing new procurement projects plan for 2022/23 and 2023/204. For this year’s exercise, we hope to complete this in August 2021.

2020/21 Contracts on the Register

Yes	41%
No	59%



- 4.7 With the impact of the pandemic slowing down, and contracts activities picking up, it is intended to launch the delayed annual procurement forward planning exercise to collect or refresh the data/information on contracts planned for this financial year and also, next year.
- 4.8 During the next review period, we are planning on exploring opportunities for collaboration on some services or requirements. We intend to adopt a phased approach; with our immediate focus looking for opportunities between DRES and Housing Directorates and HAS (particularly the integrated commissioning agenda) and Children Services directorates.

Supporting our local economy

- 4.9 For the period under review, our spend with local suppliers is approximately £65.6m. The diagram below shows the locations of these organisations within the borough. Please note this does not include suppliers whose main registration is in a neighbouring borough but may employ operatives or staff who lives within the Royal Borough. Supplier Location and Spend 01/09/2020 – 31/03/2021 – Tier I (Local Supplier Spend)

Procurement Location Info

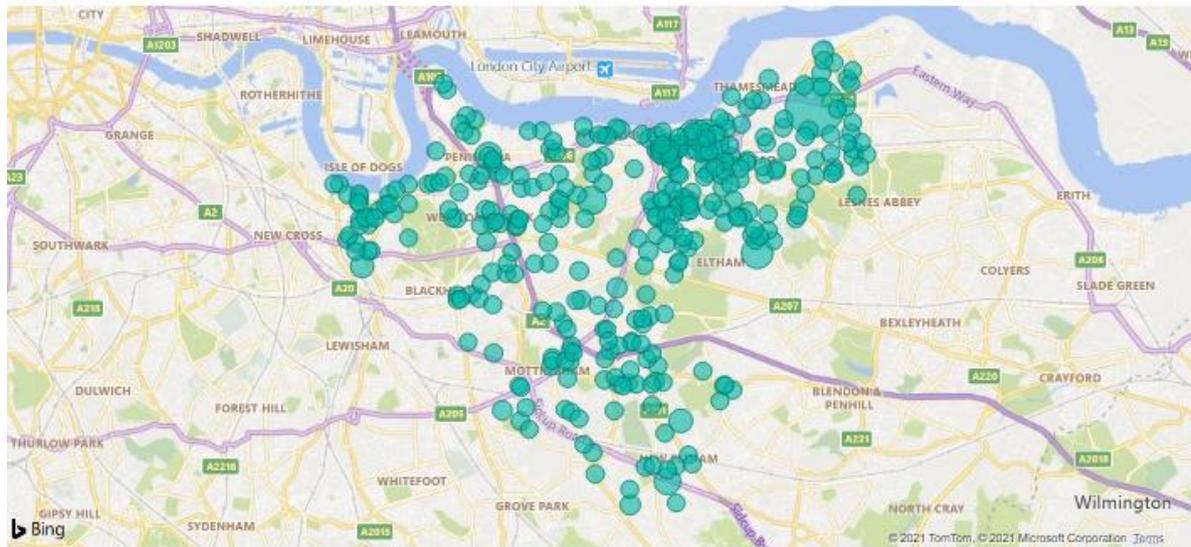
£65.6M

TierArea
Tier 1

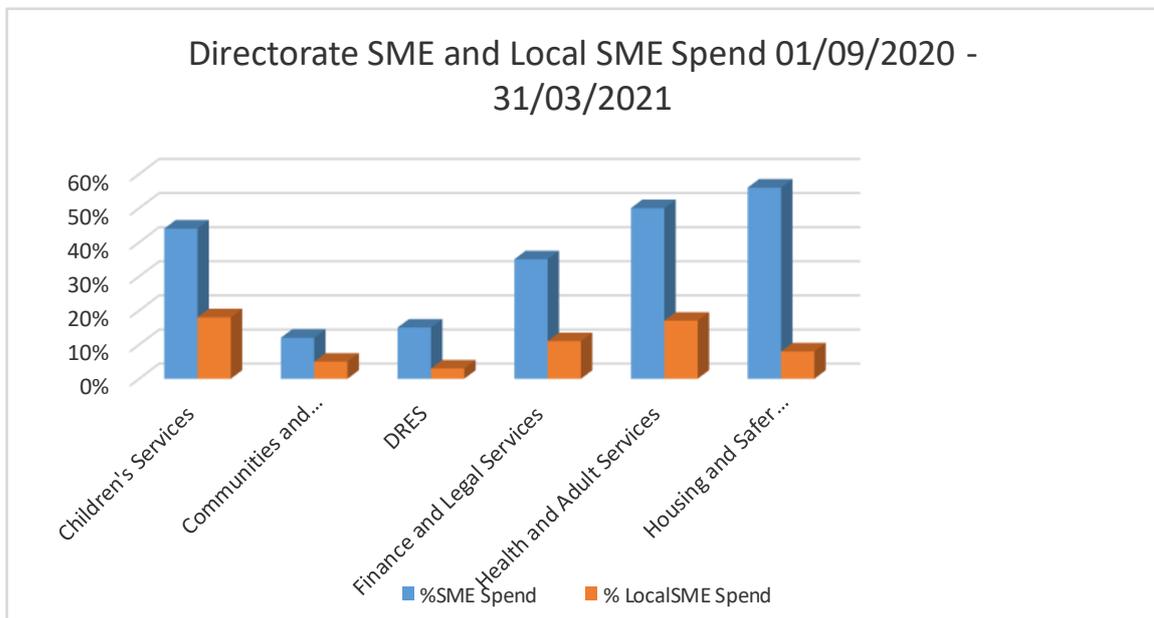
Amount by Address_Post_Code and TierArea

Amount

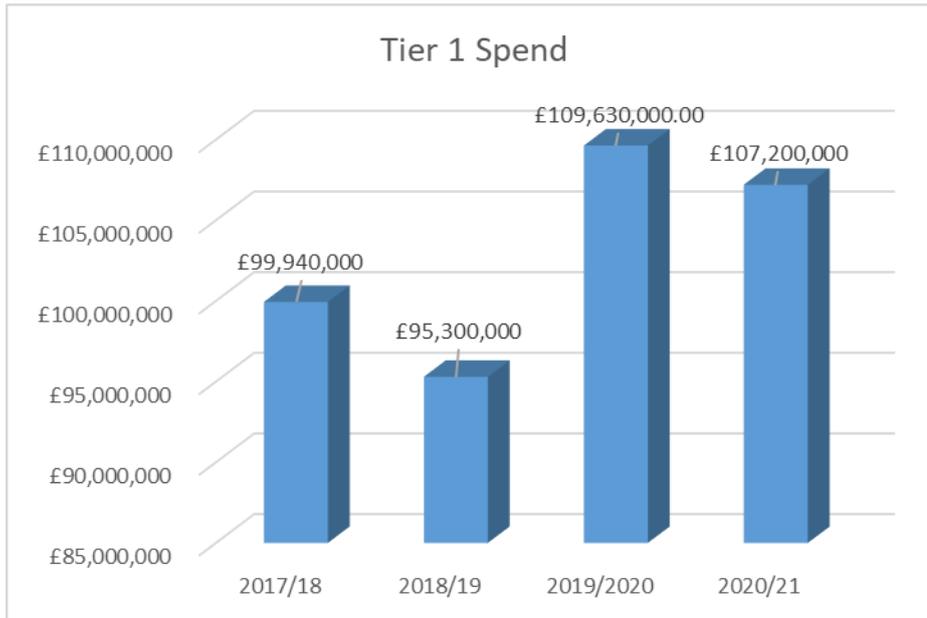
TierArea Tier 1



4.10 The graph below shows the Small to Medium Enterprise (SME) spend against Local SME spend for the period Sept 2020 to May 2021. It also classifies the spend according to the Directorate



4.11 Local Supplier spend decreased compared to the previous financial year of 2019/20. Please note that spend with GS Plus decreased by £3m from 2019/20 – 2020/21 which could have contributed to the decrease as shown in the graph below:

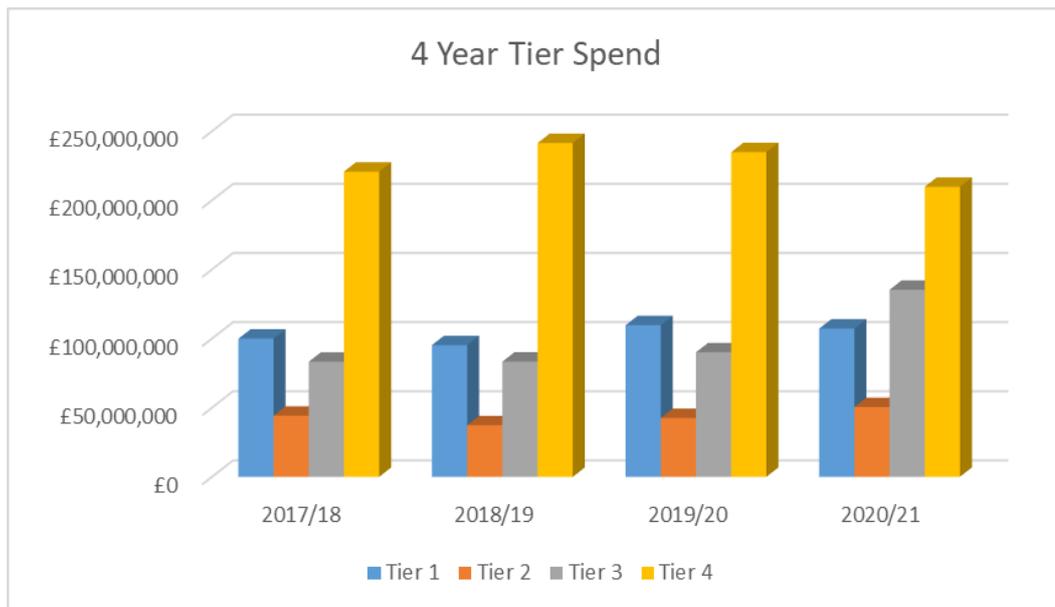


4.12 Overall, the Council’s spend with Local firms compared to the government target is as follows:

Type of Public Institution	Spend with SMEs
Central Government	£1 in every £14 (target £1 in £3)
Local Government	£1 in every £4
Royal Borough of Greenwich	£1 in every £2.50 in 2020/2021

4.13 It is worth noting that while in 2020/21 our spend within the Tier 3 (i.e. suppliers within Greater London) is going up, our spend with neighbouring boroughs remains at the same level of below £50m. Further, it is worth noting that some of the suppliers who are based in neighbouring boroughs may employ staff or operatives who are located within the Royal Borough.

Tier 1	Suppliers within the Royal Borough of Greenwich
Tier 2	Suppliers within neighbouring Boroughs
Tier 3	Suppliers within Greater London (within M25)
Tier 4	Suppliers outside the M25



SME Workshop Data

- 4.14 In the period 1st September 2020 – 31 March 2021 we spent **£31,870,000** with Local SMEs. Of this **£31,870,000** we spent **£3,129,584 (10%)** with Local SMEs that attended one of our Workshops.
- 4.15 Please note: Since May 2019 we have delivered 5 Local SME Workshops to over 150 Local SMEs. In November 2020 we delivered our first Virtual Local SME Workshop to over 30 Local SMEs. Further, since May 2019 we have spent **£95,000,000** with Local SMEs. Of the **£95,000,000, £10,768,080** with Local SMEs that have actively participated and attended our Local SME Workshops. This equates to **11%** of all Local SME Spend during this time period was with Local SMEs that attended one of our workshops. More workshops are planned during the next report period.

Delivering our policies through procurement

- 4.16 The work around Community wealth building is ongoing., Some of the work being done with increasing the opening procurement opportunities to local firms can be used to support it. The main challenge, which should form the initial focus for the team, is to develop an operational concept around Community wealth building including identify anchor institutions to work collaboratively with the Royal Borough to retain the

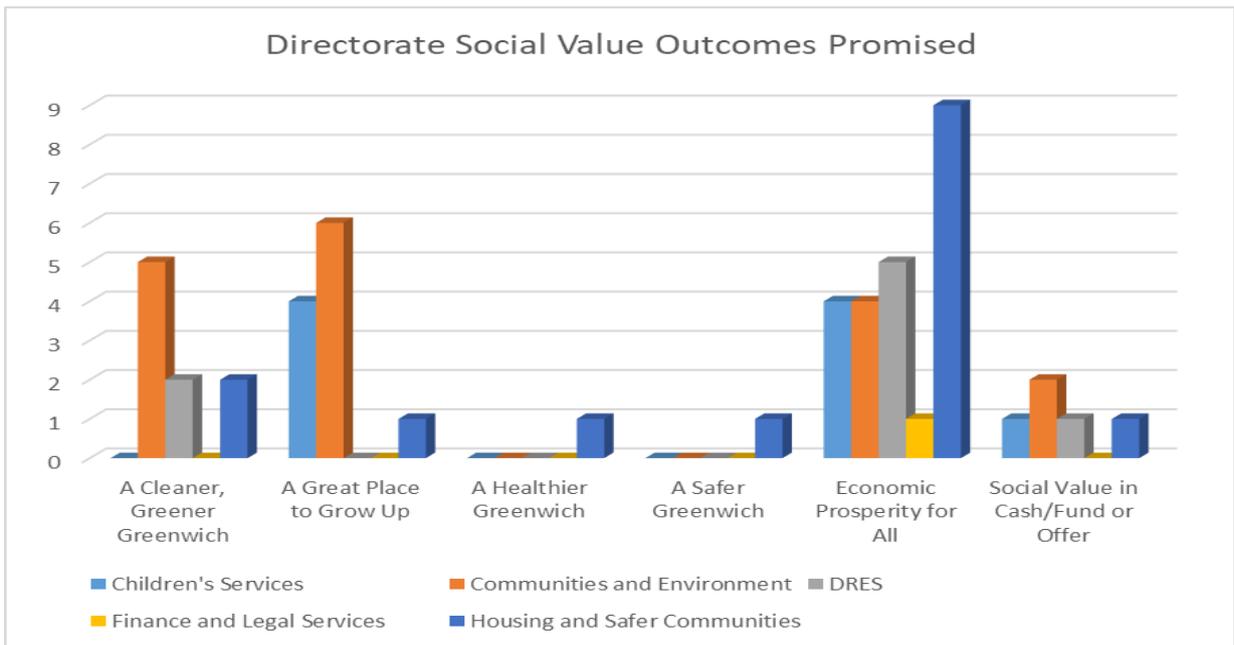
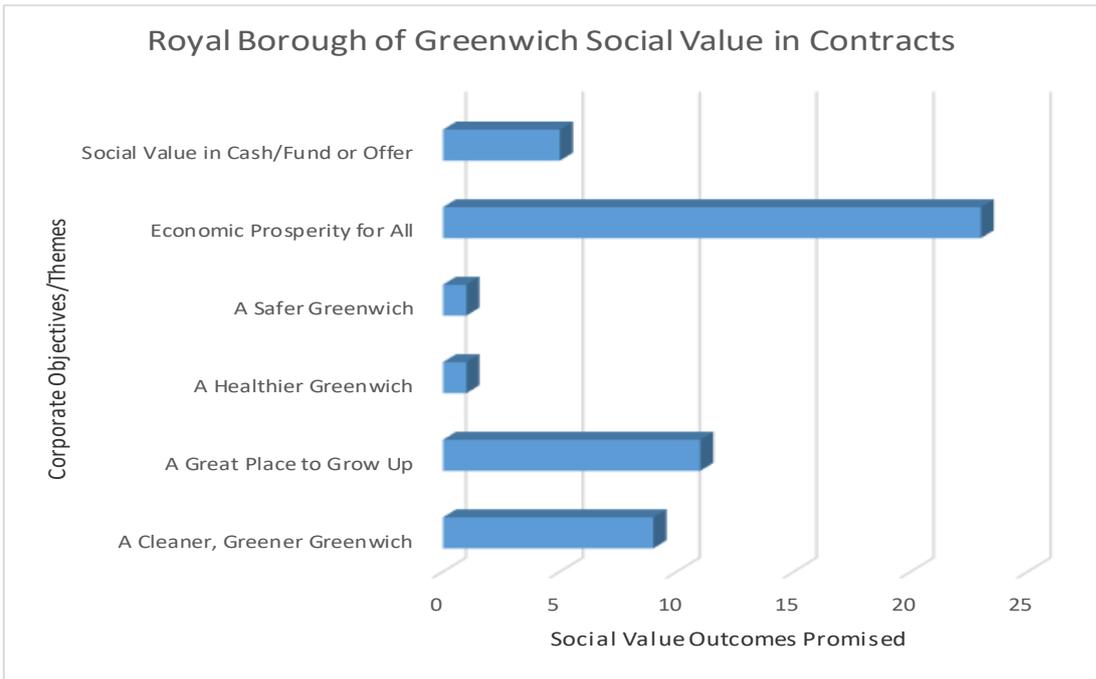
Greenwich pound within the borough. This is ongoing work and Procurement will continue to contribute into this agenda.

- 4.17 During the period under review, we have engaged with the Fair Tax mark organisation on how we can further advance the Fair tax in our procurement activities. We have indicated our interest to be notified of any best practice and also processes which have been adopted in other organisation to further develop our learning in this area.
- 4.18 It is worth mentioning that the Cabinet Office has recently proposed that non-disclosure of beneficial ownership is to be introduced as a mandatory exclusion criteria for public contractors in the UK Public Procurement Green Paper.
- 4.19 The Carbon neutral policy is considered under social value. This means that where officers are going out to tender, depending on the subject matter of the contract, they ask the suppliers to offer or commit to help us meet our carbon neutral policy. There will, inevitably, be a balance to be struck between the Carbon Neutral agenda and the price of contracts. We will continue to progress or embed this policy going forward but how far we can go may be dictated by the impact on budgets.

Progress against the Social Value Policy and Social Value Framework

Social value secured in contracts

- 4.20 This report is measuring social value delivered against the outcomes listed and approved in the Social Value Framework. The outcomes reported below are limited to contracts where corporate procurement was consulted or led on the procurement process. (Social Value captured in contracts which were procured outside the procurement team are not included). Details of the social value outcomes and contracts are listed in appendix A.
- 4.21 The diagram below shows the contribution of the social value outcomes collectively secured from the contracts in Appendix A to corporate themes /objectives.



Plans for the next reporting period

- 4.22 In the next reporting period, in addition to continuing to deliver and monitor against the activities mentioned, we will focus on achieving the following

Activity	June'21	July'21	Aug. '21	Sept. '21	Oct. '21	Sept. '21
Launch the procurement Corporate Procurement Board	Selection of Board Members	Agree terms of reference for the board	1 st meeting of the board			2 nd Meeting of the board
Contract Stranding Orders		Council Approval		Training		Training
Review of terms and conditions templates (in collaboration with Legal)				Final documents and sign off		
Contract Management training			Module A			Module B
2021/22 update of Procurement forward plans		Obtain update from Directorates	Produce a Corporate forward plan 2021/2022			Submit to Board to explore collaboration opportunities.
SME/VCSE workshop		Module A		Module B		Module A

5. **Available Options**

Not applicable

6. **Preferred Option**

Not applicable

7. **Reasons for Recommendations**

Not applicable

8. **Consultation Results**

- 8.1 There is no statutory or other requirement for consultation.

9. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
Legal including Human Rights Act	Members are asked to consider this report on the progress made on the implementation of the Procurement Strategy and Social Value policy for the 8 month period from September 2020 to May 2021. Members are also asked to note that due to the impact of Covid-19 during the review period, many contracts were not re-tendered and other planned procurement activities were delayed. No formal decision will be taken. As such, there are no legal implications arising directly from the report.	Eleanor Penn, Assistant Head of Legal Services, 5 th July 2021
Finance and other resources	This report is for information and, as such, there are no further financial implications to consider.	Michael Bate Assistant Director of Corporate Finance 30/06/21
Equalities	Issues relating to Equalities were addressed in the respective procurement exercise	<i>William Jabang</i> <i>Head of</i> <i>Procurement</i> 22/06/21
Climate change	Issues relating to Climate Change were addressed in the respective procurement exercise	<i>William Jabang</i> <i>Head of</i> <i>Procurement</i> 22/06/21
Procurement & Social Value	Procurements identified in this report followed the CSO and or Public Contract regulations rules. Further the decisions to award were based on the most economically advantageous tender criteria. Social value considerations were included (where appropriate) in the	<i>William Jabang</i> <i>Head of</i> <i>Procurement</i> 22/06/21

	relevant procurement exercise and any outcomes promised by the successful suppliers are being monitored as part of the contract management arrangement.	
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10. **Report Appendices**

10.1 The following documents are to be published with and form part of the report:

- *Appendix A: Social Value report by directorate*

11. **Background Papers**

None

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