



Purpose: For Decision

Cabinet report

Date **13 OCTOBER 2022**

Title **PROCUREMENT STRATEGY**

Report of **CABINET MEMBER FOR CLIMATE CHANGE, ENVIRONMENT, HERITAGE, HUMAN RESOURCES AND LEGAL AND DEMOCRATIC SERVICES**

EXECUTIVE SUMMARY

1. This report seeks approval for the council's revised Procurement Strategy 2022-2025 (the Strategy).
2. The Strategy sets out the council's procurement vision, aims and objectives over the next three years in relation to procurement and contract management activity.
3. Through the delivery of the Strategy the council will help local (including small) businesses and suppliers wherever and insofar as overriding rules allow, and particularly in a way that supports the delivery of the council's strategic priorities. This includes generating economic growth, helping our communities recover from the Covid-19 pandemic, and supporting the Biosphere and Mission Zero.
4. The Strategy is focused around four key themes - "*Local Community Wealth Building*", "*Climate and Environment*", "*Commercial Approach*" and "*Skills and Capabilities*".

RECOMMENDATION

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| 5. That Cabinet approves the Isle of Wight Council Procurement Strategy contained at Appendix 1 of this report. |
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BACKGROUND

6. The many challenges the council faces in delivering public services are set out within the Corporate Plan, but its financial position remains the most serious challenge it must address. The next few years will see further national and local budget reductions and it is increasingly important that we consider how taxpayers' money is spent. To support this, we must make sure that our approach to procurement and contract management is efficient, cost-effective and we achieve the best possible value from all of our procurements and contracts.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

Responding to climate change and enhancing the biosphere

7. The council has set a target to achieve net zero emissions:
 - in its business and delivery of services by 2030;
 - across the school estate by 2035; and
 - as an island by 2040.
8. Greenhouse gas emissions result from energy use in buildings, street lighting, fleet vehicles, business travel, water use, waste disposal, air conditioning, manufacturing and use of goods/products purchased and contractor's' services.
9. The council will look to ensure that the goods it buys are as sustainable as possible and, where relevant, will take social and environmental factors into consideration alongside financial factors in making purchasing decisions. Where appropriate, this will be extended to evaluate environmental management through supply chains in relation to how our Suppliers will encourage sustainability amongst its sub-contractors.
10. One of the four themes of the Strategy is "*Climate and Environment*" which demonstrates the council's commitment to embedding these principles within its procurement and contracting activities. The Strategy contains a "*Climate and Environment*" action plan which sets out the activities that will be undertaken to deliver the strategic intent.
11. In addition to the "*Climate and Environment*" action plan, training staff and supporting suppliers to help the council deliver its commitments is included within the "*Skills and Capabilities*" theme and action plan.
12. In order to minimise harm to the environment and to promote conservation of natural resources, commissioners are required to consider climate, climate adaptation, environment and UNESCO biosphere impact in the pre procurement planning stages of a project and build appropriate criteria into their procurement documents. This will include greenhouse gas/carbon reporting.
13. The application of environmental and sustainability requirements in contract performance monitoring/reporting, tender evaluation criteria and specifications must be relevant and proportionate to the subject matter of the contract.

Economic Recovery and Reducing Poverty

14. The economic landscape has changed significantly due to the impacts of the Covid-19 pandemic and it has never been more important to ensure our local businesses are supported and that the council continues to procure good value and good quality contracts to deliver better outcomes for local people.
15. The Strategy outlines its approach to "*Local Community Wealth Building*" as a specific theme. Local community wealth building is an approach to local economic development which redirects wealth back into the local economy (*Centre Local Economic Strategies, 2007*). As set out in the Commercial Strategy, the council has

ambitious plans to become a Community Wealth Building Council which will involve working in partnership with communities and businesses to create a fair local economy, reducing poverty and inequality. This Strategy will help to deliver the commitments of the council's Commercial Strategy.

16. The Strategy contains a "*Local Community Wealth Building*" action plan which sets out the activities that will be undertaken to deliver the strategic intent.
17. In addition to the "*Local Community Wealth Building*" action plan, training staff and supporting suppliers to help the council deliver its commitments is included within the "*Skills and Capabilities*" theme and action plan.

Impact on Young People and Future Generations

18. The decisions the council makes now not only affect current residents, but may have long term impacts, both positive and negative, on young people and future generations. These impacts may not immediately be apparent or may not emerge for a number of years or decades. Impacts will be interrelated across the various domains of young people's lives from housing, employment or training, health and the environment.
19. The Strategy commits to taking a long-term strategic view of the procurement of its requirements, ensuring that all decisions are made with sound judgement and prior consultation.

Corporate Aims

20. The alliance priorities as presented in the Corporate Plan 2021-2025 are set against a clear aim to work together openly with our communities to support and sustain our economy, environment and residents. The Strategy is closely aligned to the achievement of activities 9, 10, 44 and 50 – improving the financial position of the organisation; invest and spend as much money on Island as possible; promote the increased use of renewable energy in all sectors; and ensure compliance with Island Roads contract and with all other external contracts.
21. The strategy seeks to achieve these by setting out a framework against how the council will approach its procurement and contract management activities through its general "*Procurement Principles*", as well as through the four themes and their associated action plans: "*Local Community Wealth Building*", "*Climate and Environment*", "*Commercial Approach*" and "*Skills and Capabilities*".

CONSULTATION

22. The Strategy has been informed by consultation and engagement with staff from across service areas, the equality and diversity staffing group, the climate and environment board, and the Federation for Small Business.
23. Comments received in response to the consultation and engagement from the Federation for Small Business were largely supportive and encouraging, particularly in relation to the commitments the council has made over the three-year period in relation Small and Medium Enterprises (SMEs). They also provided some valuable feedback in relation to carbon reduction initiatives and reporting expectations and the barriers this can create for SMEs. The Strategy therefore commits that SMEs

shall not be unduly penalised for not having processes already established for measuring and reporting on their carbon footprint. Where needed, the council will work with organisations to help them with their carbon reduction activities in a collaborative, supportive way. Any evaluation criteria, specification requirements, key performance indicators or general reporting requirements shall be relevant and proportionate to the subject matter of the contract and will ensure that our processes remain accessible to SMEs.

FINANCIAL / BUDGET IMPLICATIONS

24. There are no direct financial implications arising from this report; however, in adopting the new Strategy, it will help support the drive to secure best value for the council in all of its procurement and contract management activity, which will lead to financial savings and robust financial controls.

LEGAL IMPLICATIONS

25. There are no direct legal implications arising out of this report. Public procurement operates in a highly regulated environment governed by legislation and policies set nationally through statute and case law and locally by the council's Constitution. The Strategy has been developed in line with this legal framework.

EQUALITY AND DIVERSITY

26. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
27. There are no direct equality and diversity implications arising from this report. However, officers will be required when carrying out procurements and awarding contracts to have due regard to the Strategy in relation to Equality and Diversity considerations. Procurement processes conducted in accordance with the Strategy will be subject to individual Equality Impact Assessments where appropriate.

PROPERTY IMPLICATIONS

28. There are no direct property implications arising from this report.

OPTIONS

29. Option 1: That Cabinet approves the Isle of Wight Council Procurement Strategy contained at Appendix 1 of this report.
30. Option 2: Not to approve the Isle of Wight Council Procurement Strategy contained at Appendix 1 and to prepare an alternative Strategy.

RISK MANAGEMENT

31. The adoption and implementation of the Strategy will ensure that the council's procurement and contract management activity is conducted in an open, fair and transparent way and will therefore mitigate against any challenge on any of these grounds. It will also ensure strategic alignment with the Corporate Plan, the Commercial Strategy and the Climate and Environment Strategy. The current Strategy is coming to the end of its three-year term. An updated Strategy is required to demonstrate the council's commitment to continuous improvement in its procurement and contract management processes and to deliver the planned actions over the next three-year term.
32. Successful delivery of the Strategy will be dependent on the required resources being made available from within the procurement and contract monitoring team.
33. Option 2 would result in significant delays to implementing an updated Strategy as further consultation internally and with local business networks would need to be undertaken on any proposed amendments. The council would be working to an out-of-date Strategy while this work was undertaken and would impact the delivery of the administrations aspirations to have refreshed Strategy.
34. Should the Strategy not be approved, staff will need to work with the administration to prepare an alternative strategy that is acceptable.

EVALUATION

35. It is important for the council to adopt an updated Strategy in order to set out its procurement vision, aims and objectives for the next three years.
36. The Strategy maps out the initiatives to be addressed in the forthcoming three years through the four themed Action Plans which contains objectives against which progress can be measured and reported.
37. The Strategy provides a public commitment to maintain and improve the day-to-day procurement work within the council and emphasises a determination to make continual improvements within our processes and practices.
38. The Strategy picks up the key themes covered by the national procurement priorities set by the Cabinet Office, as well as local considerations.

APPENDICES ATTACHED

39. Appendix 1 – DRAFT Isle of Wight Council Procurement Strategy 2022 - 2025

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