

 <p>Brent</p>	<p style="text-align: center;">Cabinet 14 March 2016</p> <p style="text-align: center;">Report from Director Performance, Policy and Partnerships</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p>Procurement Strategy and Social Value Policy</p>	

1.0 Summary

1.1 This report seeks approval to a Procurement Strategy for LB Brent for the financial years 2016 – 2018 inclusive as set out in **Appendix A**. The principal aim of the Procurement Strategy is to ensure that the Council's Procurement framework and function is aligned to the strategic needs of the Council. It is therefore focused on three key areas:

- Contributing to the Council's savings target
- delivering social value
- leadership.

1.2 The Procurement Strategy sets out a vision for procurement in Brent to be an enabling function that supports the Council to be effective, providing value for money, supporting local business and achieving social value to meet the needs of Brent's residents and businesses.

1.3 Approval is also sought to a Social Value Policy as set out in **Appendix B**. The Policy supports the Procurement Strategy and its principal aim is to ensure that the Council's procurement activities maximize the opportunity to obtain Social Value benefits that can help deliver aspects of the Borough Plan.

2.0 Recommendations

2.1 That Cabinet approves the Procurement Strategy for the financial years 2016 – 2018 inclusive as set out in **Appendix A**

- 2.2 That Cabinet approves the Social Value Policy as set out in **Appendix B**
- 2.3 That Cabinet approves the establishment of a joint Member/Officer Social Value Advisory Group to oversee the development and implementation of Social Value in the Council the details of which are set out in paragraph 3.11 below.

3.0 Detail

Background

- 3.1 At its meeting on 8 February, Cabinet approved the participation by LB Brent in a shared procurement service with LB Harrow and Buckinghamshire CC. The benefits to Brent of entering into this arrangement will be to help assuage a reduction in the Procurement staffing budget of £272k in 2016/17 whilst bringing together best practice, knowledge, skills and resources. One of the key areas of focus for the Shared Service in Brent is for Procurement to be proactive rather than reactive to enable it to deliver the strategic objectives of the Council.

Procurement Strategy

- 3.2 The attached Procurement Strategy (see **Appendix A**) therefore sets out the key work areas that Procurement will deliver over the next three financial years. This is centered around three key themes as follows:-

- Theme 1: Social Value - Delivering Local Economy, Social and Community Benefits
- Theme 2: Savings
- Theme 3: Leadership

- 3.3 The Procurement Strategy reflects the recommendations arising from the National Procurement Strategy for Local Government which was published in July 2014.

- 3.4 The Strategy will guide the work of the shared Procurement Service in Brent in the following key areas:-

- i) Governance – a Commissioning and Procurement Board chaired by the Strategic Director - Community Wellbeing has now been established and has met to agree Terms of Reference and a work programme. This Board will, *inter alia*, be driving forward the work set out in the Procurement Strategy and will meet on a monthly basis with all meetings minuted. In addition a 3-stage Gateway process has been introduced for procurements over £100K as follows:-
- Gateway Zero will consider whether there would be any benefits from bringing in-house any areas of work currently

outsourced to achieve savings or other benefits. This will include consideration of any other vehicles for delivering the service such as the establishment of a mutual or trading company or sharing services with other public sector bodies or the voluntary and community sector.

- Gateway One represents the pre-procurement assessment to ensure that the procurement has been designed to meet the strategic needs of the Council and that the future contract management arrangements have been considered.
- Gateway Two will be implemented post-procurement to ensure that the procurement outcomes have delivered the intended results and to learn any lessons for future procurements.

The Gateway process will provide quality assurance on procurements being undertaken in the Council.

- ii) Savings the Commissioning and Procurement Board will oversee delivery of the procurement-related savings of £8m included in the council's Medium Term Financial Strategy.
- iii) Contract management - contract management procedures will be implemented across the Council to assist with ensuring that minimum standards of contract management are applied and that contracts are managed according to the level of risk they present to the Council should they fail.
- iv) Category management – category management plans are being developed across all areas of third party spend to help develop savings proposals and identify any areas where 'additionality' might be achieved from collaboration with other Councils in the Procurement Shared Service.
- v) Social value – the procurement strategy will help to drive forward the development of Social Value in the Council through the development of a Social Value Policy (see below).

Social Value Policy

- 3.5 The Social Value Policy has been developed to take forward Theme 1 of the Procurement Strategy. A Members session was held on the 28th January 2016 which has played a pivotal role in shaping the policy. Member at the session were recommended that an Officer / Member advisory group should be established.
- 3.6 The Public Services (Social Value) Act 2012 ("Social Value Act") took effect on 31 January 2013 and requires any public body buying or commissioning public services over EU thresholds to consider before the procurement process starts how their local area may be improved

by including economic, social or environmental benefits as part of their procurement process. They also have to consider whether they have to consult on these issues.

- 3.7 The Social Value Act is designed as a tool for enabling commissioners and procurers to be more innovative in their procurement methods and encouraging more responsive service delivery with the potential of achieving significant cost savings.
- 3.8 A review of the Social Value Act by Lord Young (Cabinet Office) was published in February 2015. This review informs that:
- Local Authorities and Housing Associations are making fuller use of the provisions in the Social Value Act compared to Central Government and Health.
 - Further work is needed on raising awareness on the supplier side, however there is good awareness from the voluntary sector and growing awareness from big business, but less so amongst smaller firms.
 - Deriving methods for measuring and quantifying outputs from Social Value gains are important and references examples of successful case studies to base further development on.
- 3.9 A new Social Value Policy has been drafted to encompass the Council's ambition to further commit itself to go beyond the Social Value Act by applying this policy into all aspects of its procurement activity where it is practicable to do so. In doing this, both the detail and spirit of the Social Value Act can be delivered in all Council procurement activity.
- 3.10 To date Brent has not pro-actively implemented a process to enable it to take advantage of the opportunities that the Social Value Act offers. Formalising Brent Council's approach will:
- support the embedding of a consistent approach to social value;
 - maximise the opportunities to secure additional benefit for the borough through commissioning and procurement activity.

Social Value Governance

- 3.11 It is considered that a joint Members and officer advisory group would help to develop Social Value in Brent. In particular this Group would:-
- Consider the activities to which Social Value offerings from contractors might be applied
 - Develop Social Value metrics to be applied in procurements according to type and value of procurement
 - Consider the overall delivery of Social Value offerings from contractors and impact on the Council

- Consider of how Social Value principles and metrics can be applied to Planning requirements

3.12 Members are asked to approve the establishment of this Group. The Director Performance, Policy and Partnerships will liaise with Members to determine membership of the group.

4.0 Financial Implications

4.1 There are no direct financial implications from agreeing the Strategy or Policy. However, key elements of the Strategy will support and contribute towards the Council's savings targets as set out in the Brent Financial Savings Plan and the role of Procurement will be to assist with the delivery of these. The procurement related targets contained in the Medium Term Financial Strategy which relate to reductions in third party contract costs are as follows:-

2017/18	2018/19
£'000	£'000
£3,500 across departments	£4,500 across department

5.0 Legal Implications

5.1 The council must comply with the Public Services (Social Value) Act 2012 when procuring services contracts that are subject to regulation under the Public Contracts Regulations 2015.

5.2 The council can go beyond the requirements of the Social Value Act and indeed Contract Standing Order 89 currently requires officers to consider social value in the procurement of all contracts. The proposals in this report however seek to incorporate social value in all procurement activity in a more structured way.

5.3 The Social Value Policy provides the 'golden thread' that links the council's corporate priorities to procurement activity allowing social value metrics to be considered where appropriate.

6.0 Diversity Implications

6.1 There are no direct Diversity implications arising from this report. Individual procurement or initiatives will, as appropriate, be subject to an Equalities Impact Assessment as they are progressed.

7.0 Staffing Implications

7.1 There are no implications for Council staff arising from this Strategy.

8.0 Public Services (Social Value) Act 2012

- 8.1 The Procurement Strategy (Theme 1) and the Social Value Policy contain recommended actions that will help the Council to address its obligations under the Public Services (Social Value) Act 2012.

9.0 Background Papers

- 9.1 [National Procurement Strategy for Local Government.](#)

Appendices

Appendix A: Procurement Strategy 2016 – 18

Appendix B: Social Value Policy

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