



Cabinet
8 November 2021

**Report from the Strategic Director
of Customer and Digital Services**

ANNUAL PROCUREMENT STRATEGY REPORT 2020-21

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
No. of Appendices:	One: Appendix 1 Annual Procurement Strategy Report 2020-21
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Rajesh Shori Head of Procurement rajesh.shori@brent.gov.uk 020 8937 1598

1.0 Purpose of the Report

- 1.1 To provide Cabinet with the Annual Procurement Strategy Report 2020-21, showing the progress made since Cabinet approval in October 2020 across the five pillars of the Procurement Strategy 2020-2023 (which is aligned with the Borough Plan 2019–2023).

2.0 Recommendations for Cabinet

- 2.1 Cabinet is asked to note and approve the Annual Procurement Strategy report 2020-2021 as set out in Appendix 1.

3.0 Annual Procurement Strategy Report 2020-21.

- 3.1 This Annual Procurement Strategy report sets out the work that was already in motion prior to and has been carried out since Cabinet agreement of the Procurement Strategy in October 2020.

- 3.2 The Procurement Strategy is aligned to Brent Council's strategic themes and builds further on Brent's commitment to support Community Wealth Building and reviving the local economy.
- 3.3 It comprises of five pillars, which will be central to delivering better procurement of goods, services and works contracts over the next three years. The five pillars are:
- Active Procurement
 - Social Value and Ethical policy
 - Sustainability
 - Circular Economy
 - Community Wealth building
- 3.4 It also sets out how the Council will promote effective procurement across the Borough, by having regard to local employment and skills shortage, social value, localisation and ensuring wherever possible that contracts are Small and Medium Enterprise (SME) friendly.
- 3.5 The report considers each of the pillars, setting out the key KPIs/ Outcomes that we are looking to achieve, followed by the progress made against each of the stages within the pillar.

Pillar 1: Active Procurement

- 3.6. Active Procurement lays the foundations for all the other pillars. The two main KPIs are to generate savings throughout the period of the strategy and to ensure we are achieving value for money. A paper setting out options for savings has been presented to CMT on the 30 September 2021.
- 3.7 To achieve the goal of Active Procurement there are various steps that we need to undertake. The focus for this report is the Active Analysis and Active Contract Management steps but it also highlights progress on the following:
- Active Communication: Engaged widely across Directorates to highlight how working together will deliver the pillars of the strategy bringing together the various pieces of the work conducted under each pillar into this annual report.
 - Active Learning and Development: Working with Directorates and Members on knowledge share events, engaging with the local supplier base to make participation in our procurement process easier to understand.
- 3.8 A significant effort in dissecting how we spend our money has identified the following. In financial year 2020-21 Brent has spent c£450m across a variety of areas from supporting our vulnerable adults, young people and children to regenerating key areas, providing affordable housing and ensuring our footways and highways are maintained to an appropriate level.

The table below splits out our third party spend per directorate.

3.9 Department Name Total Spend 20-21

Community Wellbeing	£185M
Regeneration & Environment	£175M
Children & Young People	£47M
Chief Executive (Fin & HR)	£16M
Customer Digital Services	£29M
Total	£452M

3.10 The analysis then goes through further detail on the main categories of spend and highlights how much of our local authority spend is with local Brent based suppliers. This currently stands at £57M per annum.

3.11 Active Contract Management - the procurement Team have been working with directorates to create a contracts register of all known contracts. Aligning spend data showing actual in year spend against contracted spend.

3.12 Having a good understanding of all our major contracts is important, it enables us to ensure we are focussing our intentions on areas of spend and contract value which have a major impact on the community and businesses of Brent.

3.13 By ensuring we have a good understanding of these contracts, how much we spend against them, how well the supplier is performing in delivering those contractual commitments and what needs to be done in advance of contract end dates, provides assurance that we are Actively Contract Managing and making best use of the resources we have.

3.14 Over the past 12 months, Procurement have been actively working with all its stakeholders across the council in building a comprehensive contracts register and our register currently stands at almost 400 contracts. The vast majority of the database is made of contracts that have followed a procurement process conducted by the Procurement team, or that the team have been involved in an advisory capacity, and hence have knowledge of these contract awards.

3.15 The register highlights when contracts are coming to an end and Procurement have commenced an exercise identifying all contracts that are due to end by March 2023, working with stakeholders across the Directorates to understand our future plans and how best to see if there are opportunities to extract any efficiencies. It also helps to decide how best to engage with the market on future procurements to ensure we are supporting the various pillars of the Procurement Strategy.

3.16 Next steps

- The deliverables of each part of the pillar remain, but during the 2021/22 financial year we will continue to focus on building our understanding of

our spend data and start to look at focussing on developing relationships with key suppliers.

- Active Analysis - Continue to build on developing our knowledge of third party spend.
- Work with Oracle Cloud implementation to put mechanisms in place to ensure we are capturing our third party spend in the most effective way allowing Procurement to extract the data to further support intelligence led decision making.

Target Date Dec 2021 - For first reports from Oracle Cloud.

- Active Contract Management - Complete the savings and opportunities review of what contracts that will be expiring by March 23 and agree the appropriate methodology of how savings and opportunities will be captured and realised.

Target date paper to CMT 30 September 2021.

- Agree across each Directorates suppliers where more focus on mutually beneficial relationships would realise benefits that will support all parties' strategic objectives.

Target date December 2021.

Pillar 2: Social Value and Ethical Policy.

3.17 The work set out below shows the progress made in setting out the levels and types of local investment committed to from Brent contracts achieved through the procurement process. The Council wants to ensure Social Value is integral in all its procurements, benefitting Brent's communities and embraced by all involved.

3.18 Procurement have been collating information from the submissions received from suppliers who have been awarded contracts, based in part from the benefits they will bring over and above to the community through their Social Value submissions.

3.19 The table below sets out how suppliers are supporting the Council priorities. The breakdown confirms that our suppliers are delivering social value across the priorities in the borough plan. The suppliers have set out the financial value they are willing to pass back to the council if they do not deliver the Social Value committed as part of the contract, which equates to £2.4m of Social Value looking to be delivered through our procurements since June 2020.

Breakdown of SV pillar Total value all years Percentage

1. Strong foundations	£657K - 27%
2. Every opportunity to succeed	£948K - 38%
3. A future built for everyone, an economy fit for all	£597K - 24%
4. A cleaner, more considerate Brent	£162K - 7%
5. A borough where we can all feel safe, secure, happy and healthy	£108K - 4%
Total commitment among 21 received files	£2.472M - 100%

3.20 Next steps:

- Building on the work already set out, Procurement will continue to work across each of the Directorates ensuring that we explore every opportunity to be more innovative and creative in the types of social value we can deliver through our contracts and feeding back on successes and lessons learnt with further training and knowledge share sessions.

Target Date October 2021 and February 2022.

- Brent's Social Value Commitments - Develop and share the list of possible opportunities Brent would be looking to extract from our procurements as part of Brent's Social Value Commitments in addition to the suggested indicators already part of the Social Value and Ethical Policy.

Target Date November 2021.

- Set up and publicise the process where ideas of social value can be captured, considered and added to the list of Brent's Social Value Commitments on a quarterly basis.

Target Date November 2021.

Pillar 3: Sustainability

3.21 Brent now has a Procurement Sustainability Policy to align to our commitment to the Green agenda. The annual direct spend on goods and services is over £400 million, so the scope to influence is significant and far-reaching. Improving environmental sustainability throughout our supply chain is an essential component of our commitment to reduce our environmental impact and lead by example.

3.22 The policy's aim is to stretch across all aspects of sustainability and includes Brent's commitment to support Fairtrade and help suppliers with support to their understanding so they can deliver sustainable goods and services within their own organisation and across their supply chains.

- 3.23 The Procurement team have worked across the council to agree a set of principles and an initial range of key performance indicators to understand how the environmental impact will be mitigated which forms part of the policy.
- 3.24 Some of the Sustainability KPIs and Outcomes will be captured in the Social Value capture template under the priority - A more cleaner considerate Brent. Where there are specific KPIs / Outcomes that fall outside of this we are ensuring these are included in future Annual Procurement Strategy reports.
- 3.25 Sustainable procurement practices is an area that boroughs, both sub-regionally in West London and in London as a whole, are considering as part of their efforts to tackle the climate and ecological emergency. We are part of a sub-regional working group, working with other West London Alliance Boroughs to create a unified set of policies across the sub-region. This will make it easier for suppliers to understand their requirements for bidding for services in West London, and ensure that West London Alliance boroughs are committed to similar ambitions and aims.
- 3.26 Next steps:
- Highlight and report on what specific Sustainability criteria is being measured through our procurements.

Target date April 2022

- Continue to be part of the wider sub regional group supporting ensuring we are aligned and following best practice.

Target Date April 2022 to report on progress.

Pillar 4: Circular Economy

- 3.27 The creation of the Procurement sustainability policy underpins the need for Brent to move towards a low carbon, circular economy. This will involve a radical shift away from our current linear economy and 'throwaway culture' where products are made used disposed to one in which resources and products are kept in use for as long as possible. Brent is well placed to enhance its low carbon circular economy over the next 10 years as it is already amongst the top London boroughs with the highest rates of employment in this sector.
- 3.28 There are around 860 businesses in the borough involved in the circular economy. We will aspire to continue to build this sector and support this economic model of operation as a key mechanism for tackling the climate and ecological emergency. This will also be at the centre of green economic recovery efforts following the COVID-19 pandemic and aid the transition away from our current linear economy.
- 3.29 By leading by example and championing the importance of a reduction in the environmental impact of our supply chain, it is hoped to have a positive impact within the council and community, and to encourage other organisations to do the same and adopt new sustainability procurement practices.

3.30 Next steps:

- Conduct further training and knowledge shares across the Directorates.

Target Date Dec 2021.

- Identify the types of suppliers that operate within the Circular economy in Brent which could support forthcoming procurements.

Target Date Dec 2021.

- Identify specific procurements that would realise Circular Economy benefits for the borough and report on the progress made on delivering procurements with Circular Economy benefits.

Target Date April 2022.

Pillar 5: Community Wealth building

3.31 Procurement have specific KPIs to help support and develop our links with the local supplier base and ensure all our suppliers based in London pay their staff the London Living Wage and in the last financial year surpassed all the KPIs set.

3.32 We have undertaken a review of external data against the data we hold on our systems and it shows we have 15,890 businesses operating in Brent FY 20-21, compared to our own records from business rates data which has 8,245 business logged.

3.33 The goal is to understand at a micro level the make-up of Brent businesses by ward, review the type of suppliers we need against what we have and identify developing opportunities for new suppliers where we lack those skills and ability to spend more locally. Once we understand what type of suppliers we have and where they are located, we can take a holistic approach to put these suppliers in touch so they can draw from each other on what requirements they need fulfilled for their businesses. Aside from this strategic analysis we have also undertaken other measures that can have an impact right now.

3.34 Under the Active Procurement pillar, the analysis shows that through our procurements we have achieved the targets agreed for the last financial year with local suppliers either being awarded contracts directly or be used within the supply chain of larger organisations. As part of our strategy we want continue to build on this and provide as many suitable opportunities as possible for the local supplier base and have implemented the following to help support this.

3.35 Next steps:

- Complete as far as practicable the gap analysis identified. Understand at a micro level the make-up of Brent businesses by ward. Review the type of suppliers we need against what we have.

Target Date Dec 2021.

- Continue on building on the work already taking place and move to reporting specifically on the number of opportunities that have been created for local suppliers within Brent.

Target date – April 2022.

4.0 Alternative Options Considered

4.1 Not applicable

5.0 Financial Implications

5.1 There are no specific financial implications in accepting the recommendations in this report.

5.2 The budget agreed by Council in February 2021 included £1m of savings from reduced procurement spend across the Council between 2021/22 and 2022/23. This is aligned to the Active Procurement pillar of the Procurement Strategy, however at this stage specific savings have yet to be identified.

6.0 Legal Implications

6.1 This report seeks Cabinet to note and approve the Annual Procurement Strategy report. The Procurement Strategy must comply with and be delivered in accordance with all applicable UK legislation and guidance, to include the Public Contract Regulations 2015, the Public Services (Social Value) Act 2012 and the Equality Act 2010.

6.2 Officers in Legal Services will continue to provide support and guidance in the implementation of the Procurement Strategy and any necessary amendments to contract and tender documents.

7.0 Equality Implications

7.1 The Procurement Strategy is designed to help promote equality and Officers believe that there are no adverse equality implications

8.0 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)

8.1 Not applicable

9.0 Proposed Consultation with Ward Members and Stakeholders

9.1 Not applicable

Report sign off:

Peter Gadsdon
Strategic Director of Customer and Digital Services