

## **Report to the Cabinet**

**Report reference:** C-045-2020/21  
**Date of meeting:** 03 December 2020

**Portfolio:** Environment and Technical – Cllr N Avey

**Subject:** Covid-19 Development Projects – Local Business Suppliers / Procurement Strategy and Rules

**Responsible Officer:** Shane McNamara (01992 564331).

**Democratic Services:** Adrian Hendry (01992 564246).

---



**Epping Forest  
District Council**

### **Recommendations/Decisions Required:**

- (1) To agree the updated Procurement Strategy for 2021 – 26 which supports the Council objectives under Covid-19 Development Projects to become effective from 01 January 2021; and
- (2) To agree the updated Procurement Rules, that will come into effect from 01 January 2021.

### **Executive Summary:**

The current Procurement Strategy is required to be renewed from January 2021, and as such an updated version is required. The strategy has been updated to reflect how Procurement can support the delivery of the Council's Corporate Objectives and Covid-19 recovery plan.

To help support the recovery plan, we have undertaken the following:

A

- The Procurement Strategy has been updated to increase number of local suppliers that must be invited to tender, and to agree to pay local suppliers faster.
- Social Value and Sustainability evaluation criteria will now be used wherever possible in procurement exercises to maximise the benefits to the district and ensure sustainable practices throughout our supply chains.
- A Social Value template has been created which will measure contractors on elements such as locality of their business, their supply chains, their workforce and any other benefits they can bring to the district.
- EFDC's Procurement Rules have been updated to ensure these changes are adopted into our everyday practices.
- A Procurement Checklist has been created to help officers with a step by step, tick off guide to ensure they are including all relevant steps throughout the process.
- Training will be run by the Procurement and Contract Development Team throughout January and February for officers to ensure awareness across EFDC of the updates.
- We are working with Economic Development to offer EFDC Procurement support to Local Businesses through Meet the Buyer days or similar events, which will help to inform local businesses of our processes and help them to bid more successfully for EFDC business.

The Procurement Rules have been in effect since April 2018 and required an update to support the Council's new Procurement Strategy, and to ensure that the rules are aligned with the Strategy and help the Council to achieve its objectives. The Council is making changes to its approach to procurement, to recognise the broader economic and well-being impact of existing local businesses and attract new businesses to the District. The new procurement strategy and rules require a minimum of two local suppliers to be invited to tender wherever possible and a commitment to make faster payments to local suppliers (21 days instead of the mandatory 30). The latest spend analysis that was conducted on EFDC's 2018/19 data showed that while 57% of our spend was with Small and Medium Enterprises (SME's), only 6% of our spend was with businesses based in the Epping Forest District and these changes will help to try to increase that figure and make it more attractive and accessible for local business to work with us.

The new procurement strategy includes the use of Social Value, to enable bidders to be explicit in the provision of local job opportunities, apprenticeships and community benefits as part of their tender. A Sustainability-focused evaluation criteria has also been developed when assessing tenders to maximise the benefit to the District and its local businesses and communities.

Training and guidance are being developed to help contracting officers in procuring and managing contracts. This will include templates, checklists, examples of good practice and suggested structures for supplier meetings to ensure they are performing to the agreed standards set out when the contract was entered into, and that the Council gets maximum value and benefit.

#### **Reasons for Proposed Decision:**

To update the current Procurement Strategy and accompanying Procurement Rules in line with current best practice and use the opportunity to incorporate Covid-19 Development Project aims.

#### **Other Options for Action:**

To let the Strategy expire and not replace it, this would mean there is no high-level strategic direction to the Council's purchasing and will drastically reduce the likelihood of achieving value for money and providing good quality services to our residents.

To leave the Procurement Rules as they are, this would not be a viable option as the rules would not be in alignment with our Corporate Objectives and Covid-19 recovery plan, thus making the achievement of those objectives much more difficult.

#### **Report:**

1. Epping Forest District Council will continue its policy of using best practice procurement approaches and processes. This will assist in the delivery of high-quality services to support strategic priorities at good value for money.
2. The Procurement Strategy (Appendix 1) supports the Council's Corporate Objectives and Covid-19 recovery plan. At a general level, procurement of goods and services assists in delivering the Council's strategic objectives and statutory responsibilities. At a specific level, this procurement strategy is designed to support the Council's objectives of:
  - Ensuring that the Council has appropriate resources, on an ongoing basis, to fund its statutory duties and appropriate discretionary services while continuing to keep

Council Tax low.

- Ensuring the Council adopts a modern approach to the delivery of its services and that they are efficient, effective and fit for purpose.
3. New policies have been introduced into the Strategy to help achieve specific outcomes, in particular to attempt to encourage local suppliers to participate in tender opportunities by increasing the minimum number invited to all EFDC tenders, to be more sustainable by setting specific evaluation criteria to afford weighting to sustainable practices / supply chains, and to look to generate additional benefit to the district through Social Value evaluation criteria, prioritising what social value the bidders can offer, ranging from creation of jobs and / or apprenticeships in the local area, or funding to benefit local communities (a draft social value proforma is included in Appendix 3).
  4. In order to support this Procurement Rules (Appendix 2) have been updated to make them easier to follow; they have been updated to reflect the Council's new organisational structure, and processes have been reviewed and amended to ensure they are effective while still retaining control of the Council's Procurement processes. Tender rules have been amended and all tenders are now conducted electronically, they will be opened centrally by the Procurement and Contract Development Team, waivers will be approved by the level of officer who is permitted to accept tenders at that value and financial thresholds have been updated to try to align them more closely with the Council's Decision Making Accountability (DMA) guidelines.
  5. A Procurement Checklist has been created to guide and help contracting officers through the Procurement process by following a stepped process to ensure they have considered all relevant factors before proceeding. The completion of this checklist will be mandatory for all tender processes and will help to ensure all contracting officers are aware of the Strategy and are adhering to Rules.
  6. Following the adoption of the Strategy and Rules, the Procurement and Contract Development Team will run a training programme to raise awareness of the changes that have been made and the support documents that are available, such as the Procurement Checklist. The training will start in January and will be offered to staff at all levels of the authority to provide the opportunity to go through the new documents in details and ask questions. Processes for Business Support Finance, such as use of Marketplace and Accounts Payable, will be included in this training to ensure the whole Procurement cycle is covered.
  7. Although not expressly mentioned in the Procurement Strategy and Rules, it has been highlighted that Contract Management can get complacent. The Procurement and Contract Development Team will develop further training and guidance that will help contracting officers with the ongoing management of contracts. This will include templates and suggested structures for supplier meetings, performance monitoring, change management and dispute resolution etc.

#### **Resource Implications:**

There are no direct resource implications for this report. It is an officer view that a robust strategy and rules will lead to greater value being derived from our Procurement exercises, sometimes through Social Value and Sustainable practices and through cost savings where possible.

EFDC expects to spend approximately £18.5m with contractors in 2020/21, and it is vital that we use those funds as efficiently and effectively as possible.

### **Legal and Governance Implications:**

The United Kingdom is still in the process of transitioning out of the EU, and as such we are still subject to EU Procurement Law at the present time. It is envisaged that we will continue to be subject to these laws after January 2021, when the UK officially leaves the EU, and therefore our Procurement Rules still make mention of the EU Procurement Law and the applicable financial thresholds at which they apply. Should the situation change in the future, the Council will amend Procurement Rules accordingly.

### **Safer, Cleaner and Greener Implications:**

Climate change and sustainability are big drivers for the updating of the Strategy and Rules, and we are seeking to include Sustainability criteria wherever possible for our future procurement exercises to ensure our suppliers are operating sustainably and environmentally friendly.

### **Consultation Undertaken:**

Procurement and Contract Development Team  
Procurement and Contracts Working Party  
Accountancy  
Climate Change Officer  
Economic Development Specialist Officer  
Leadership Team

### **Background Papers:**

Procurement Strategy 2021-2026  
Procurement Rules  
Procurement Checklist  
Social Value Proforma for EFDC

### **Risk Management:**

If procurement is not co-ordinated and controlled, it is unlikely that the Council will achieve value for money.

Failure to comply with the EU Procurement Regulations could result in the UK High Court preventing the award of a contract and/or awarding damages to any supplier who has suffered loss or damage as a result of any breach in the regulations, as well as imposing fines on the authority.