

Bath & North East Somerset Council

Draft Procurement & Commissioning Strategy Think Climate, Think Local, Think Innovation 2021-2024

1 Introduction

On 14th March 2019, Bath & North East Somerset Council declared a Climate Emergency. The resolution pledged to:

- Provide leadership to enable carbon neutral B&NES by 2030
- Sign up to the UK100 Clean Energy Pledge (100% clean energy by 2030)
- Enable citizen engagement
- Oppose expansion of Bristol Airport

The Council's 2019-2024 Corporate Strategy was developed in line with the Climate Emergency declaration. The Council's **two core policies** are:

1. Address the Climate Emergency
2. Give People a Bigger Say

Three principles drive the commitments in the strategy. These are:

1. Preparing for the Future
2. Deliver for Local Residents
3. Focus on Prevention

The purpose of the Strategy is to explain how the Procurement & Commissioning functions will address the corporate ambitions and deliver effective Value for Money.

2 Current Position

2.1 COVID 19

At the time of writing the COVID19 pandemic is having a profound impact on the procurement of goods and services within the Council. This has been reflected in national guidance.

The UK will adopt new public procurement regulations in 2022. However, some aspects are being accelerated by Procurement Policy Notes (PPN's) which are being made mandatory for local government.

PPN 05/21 (released 3 June 2021) – “National Procurement Policy Statement” (NPPS) makes it mandatory for all public sector to include:

- Creating new businesses, new jobs, and new skills in the UK
- Improving supplier diversity, innovation, and resilience
- Tackling climate change and reducing waste

within their procurement practices. The NPPS also requires authorities to have the relevant policies in place to ensure this happens, together with sufficient procurement resources, a requirement for skills benchmarking (annually from April 2022) and a pipeline of contracts.

PPN 06/21 (released 5 June 2021) – “Taking account of Carbon Reduction Plans in the procurement of major government contracts” requires carbon reduction considerations in procurements over £5m per annum. Whilst this is mandatory for central government, it is recommended for other public bodies to follow. This supports our Climate Emergency objectives and underpins the importance of encouraging our local suppliers to make similar commitments as it will also provide them with commercial advantages in the future when bidding for public sector work.

2.2 BREXIT

From 1st January 2021 the UK is no longer a member of the European Community and this may have a significant impact on the procurement of goods and services. The UK government has published and consulted on a Green Paper which sets out proposed amendments to the Public Contract Regulations 2015. The new regulations will be implemented in early 2022.

As a result of any agreed amendments, the Council will amend its Contract Standing Orders, procurement documentation and retrain its staff to procure in line with the amended regulations. The Strategic Procurement Team will quickly become proficient in the new regulations and carry out training of the Council’s procuring officers.

3 Core Policies

3.1 Core Policy 1 - Address the Climate Emergency

The Council’s Climate Emergency Procurement & Commissioning Strategy is an immediate response to the Emergency. It means we will look at the structures and processes in place within the Council to deliver the pledges. This will mean undertaking a fundamental review of our buying practices to ensure fitness for purpose and compliance with the commitment. All staff will receive training to ensure they procure in line with environmental standards and in accordance with the Council’s Climate Emergency Strategy.

We spend around £200m per year on commissioning goods, works and services from our suppliers. We will use procurement both as a tool to help

deliver our pledges and to show leadership in the supply chain. We must not forget our other responsibilities to ensure we have the best commercial arrangements in place in order to deliver complex services in line with the Council's corporate ambitions.

We need to:

- procure innovative and flexible works, services and quality goods that are responsive to the needs of our community and deliver optimum value for money;
- ensure that the Council gets maximum value from every pound that is spent through best value and innovative procurement practice including leveraging social value to further benefit the local community;
- ensure a consistent approach to commissioning and procurement;
- maintain, strengthen and develop strong relationships with suppliers who are proactively managed in full transparency and understanding of the risks involved

Our Climate Emergency Procurement Strategy sets out how we intend to achieve these aims over the next three years. This Core Policy 1 has four key objectives which are all underpinned by delivering value for money for our residents..

3.1.1 Key Objectives

The Climate Emergency will become a Golden Thread within the Strategy whilst ensuring we do not lose focus on delivering our other ambitions. The objectives of the Strategy are:

1. Consider the carbon footprint and environmental impact of **all** products and services bought by the Council over their lifetime.
2. Consider suppliers' capability to address these environmental impacts throughout the supply chain when awarding contracts.
3. Encourage use of local suppliers to further reduce the Council's Carbon Footprint.
4. Encourage innovation by emphasising our needs and desired outcomes to allow suppliers to come up with the most cost effective and sustainable solutions.

We must not lose sight of the overarching objectives within the Procurement Framework/Operating Model:

- To ensure procurement best practice underpins the delivery of all the Council's Strategic ambitions and statutory obligations.
- To deliver the ambitions in a compliant manner within relevant legislation and best practice as well as providing evidence that goods and services demonstrate value for money

Each objective has associated actions to achieve the objective. When addressing the actions to take we need to consider that there will be existing contracts where we have an ongoing contract in place with a company which will expire on a date sometime in the future. There will also be new contracts for brand new requirements and contracts that are being reviewed and re-procured.

Key Objective 1 - Consider the carbon footprint and environmental impact of all products and services bought by the Council over their lifetime

This cannot be ‘one-size fits all’ and will require a multi-tiered approach. The size and complexity of the goods/service being procured will decide which approach to use.

For example, the Council may want to mandate an energy efficiency rating when procuring White Goods. A complex building project with multiple strands of contractors working simultaneously on the other hand, will require a thorough and well-considered approach to address any environmental and carbon impact of the work. The responsible Council officer must explain how climate emergency and carbon reduction has been addressed and these considerations must be challenged by the Strategic Procurement Team as well as the senior management and directors of the Council prior to any approval being granted.

The Council will want to consider how to measure the amount of carbon produced for a product/service and take a decision that if the reading for amount of carbon produced is above an agreed value then the product/service should not be allowed to be procured unless adaptations can be made to reduce this figure. We will work closely with our colleagues in the Sustainability Team to make recommendations for how this can work in practice and to consider the various tools available to measure carbon.

It will be vital to this Key objective 1 that staff are aware of the agreed standards and methods of procurement. It cannot be the responsibility of the Strategic Procurement Team alone to ensure these standards are maintained. **ALL** staff responsible for placing orders and raising contracts must be trained and understand their obligations under this objective. Given the importance of tackling the Climate Emergency this may require a new procurement operating model with the establishment of a central buying team to obtain goods and service on behalf of services that are compliant with the Council’s buying standards.

Actions to be taken to achieve this objective include:

Key Objective 1	Consider the carbon footprint and environmental impact of all products and services bought by the Council over their lifetime
Action 1	Communicate this Procurement Strategy to all staff responsible

	for procuring goods and services including updating relevant Procurement intranet pages with details of the objectives
Action 2	Engage with the Councils Sustainability Team to consider Climate Emergency issues in appropriate procurements
Action 3	Climate Emergency considerations to be built into all procurement Needs and Business Cases.
Action 4	Create an Environmental Buying Policy for low value goods and services i.e. energy efficiency ratings, minimum standards etc to be enforced by centralised buying arrangements
Action 5	Identify all existing contracts where single use plastics may be used and ensure Contract Managers eliminate them from the contract

Key Objective 2 – Consider suppliers’ capability to address the environmental impacts throughout the supply chain when awarding contracts

We will inform the local market through the Council’s Commissioning Intentions and local Meet the Buyer events as to the upcoming procurement exercises. This gives companies the chance to express an interest early and identify areas of innovation that may be of interest to the Council.

Potential suppliers and contractors to the Council will be made aware of the Council’s zero carbon policy through its Procurement documentation. Where possible the Council must only do business with companies who can assist them to achieve these aims. Our tender evaluation process will be improved to assess bids with the Climate Emergency in mind.

We will link strategic contracts to the Climate Emergency agenda by ensuring that relevant contracts contain appropriate Service Level Agreements with measurable Key Performance Indicators.

We will give relevant Officers training in the principals of Contract Management. This will allow them to ensure that suppliers carry out their commitments to the Council and that these are measured, recorded and acted upon where a supplier fails to meet those commitments.

Actions to be taken to achieve this objective include:

Key Objective 2	Consider suppliers’ capability to address these environmental impacts throughout the supply chain when awarding contracts
Action 6	Ensure all procurement documents point bidders to the strategy and ask them to advise how they will support it
Action 7	Ensure Contract Managers have meetings with strategic suppliers to identify how Climate Emergency provisions will be made in existing contracts – may need Contract amendments
Action 8	Build Climate Emergency into Contract Management framework to monitor supplier performance

Key Objective 3 – Encourage use of local suppliers to further reduce the Council's Carbon Footprint

The Contract Standing Orders (CSOs) provide a framework that governs that Council's commissioning and procurement of Contracts for goods, services and works. They are mandatory for all Council officers and members.

The existing CSOs were written in 2015 and must be updated to incorporate changes in legislation as a result of Brexit and other legislation. As part of this review the current position on use of local suppliers must be considered.

Currently procurements valued up to £50,000, preference should be given to local suppliers, where they exist, providing they offer value for money. This policy helps to support our local businesses and economy.

The review should address whether the £50,000 limit should be amended to include higher value procurements. Some Councils allow for local suppliers to be used up to the procurement thresholds¹. Encouraging the use of local companies, in particular smaller businesses would have the impact of stimulating the local economy, reduce carbon emissions of vehicles coming to the region from outside etc. Any review must be carried out in conjunction with the Head of Legal and Democratic Services, who has ultimate responsibility for the CSOs and must consider the revised procurement legislation following Brexit.

Actions to be taken to achieve this objective include:

Key Objective 3	Encourage use of local suppliers to further reduce the Council's Carbon Footprint
Action 9	Review the Council's Think Local policy for under £50k procurements
Action 10	Review our Social Value policy with the Sustainability Team including the weighting in tenders and consider a sliding scale to reflect the complexity of differing marketplaces and service outcomes.

Key Objective 4 – Encourage innovation by emphasising our needs and desired outcomes to allow suppliers to come up with the most cost effective and sustainable solutions

The Council should, where appropriate, ensure that its officers use either an output or outcome specification. These contain certain minimum standards or characteristics but beyond those, the bidder is allowed to make further suggestions and identify solutions. The bidder is then able to offer innovative solutions which can make for better sustainability and cost effectiveness.

¹ The UK's procurement threshold from 1st January 2021 is £189,330 for Goods and Services and £4.7million for works contracts

In addition, we will encourage Officers to use less traditional methods of procurement and look to find innovative methods of working. It may be appropriate, for example, to consider co-commissioning with other organisations or Social Impact Bonds which are a type of pay-for-success financing for a project and is one form of outcomes-based contracting.

Actions to be taken to achieve this objective include:

Key Objective 4	Encourage innovation by emphasising our needs and desired outcomes to allow suppliers to come up with the most cost effective and sustainable solutions
Action 11	Focus on outcome-based specifications, where appropriate to encourage suppliers to create low-carbon solutions
Action 12	Create a 'whole-life' cost model for bidders to price against

In addition to addressing the Climate Emergency, the Council also has further Core policy – Giving People a Bigger Say and three other corporate principles. Each of these also have a Procurement impact and may also be linked to climate emergency themes.

3.2 Core Policy 2 - Give People a Bigger Say

This policy aims to develop a more transparent, open and listening Council. To help the Council address this key ambition from a procurement perspective it will:

Core Policy 2	Give People a Bigger Say
Action 13	Ensure all the procurement and commissioning activities follow the appropriate democratic decision-making process by engaging early with the Democratic Services team
Action 14	Build a community engagement model into procurement to ensure the Council includes the local residents and service users as a stakeholder in all relevant commissioning processes and that proportionate consultation is undertaken at the right stage of the process
Action 15	Ensure all procurements subject to key decision are reviewed by the appropriate Policy Development & Scrutiny Panel
Action 16	Include Climate Emergency in all community stakeholder events to provide information to people to reduce their Carbon footprint and single-use plastic usage.
Action 17	Provide the Climate Emergency Policy Development & Scrutiny Panel with a procurement pipeline to allow the Panel to monitor Climate Emergency issues.

4 Principles

4.1 Principle 1 – Preparing for the Future

The emphasis is on change, working with our partner organisations and focusing on new technologies to drive improvements and be smarter and more flexible in the ways that we work.

Principle 1	Preparing for the Future
Action 18	Encourage innovation by focusing on outcome-based specifications, emphasising our needs and desired outcomes to allow suppliers to come up with modern digital solutions; rather than specifying in detail what is required to meet the need, which can restrict innovation
Action 19	Use technology and digital services to improve procurement and commissioning processes with sound corporate governance procedures in place to manage contract expenditure
Action 20	Ensure cross-Council and CCG consideration is taken when planning projects
Action 21	Collaborating closely with partner organisations on relevant procurement exercises

4.2 Principle 2 - Deliver for local residents

We aim to create modern services, making the best use of digital and improving the way the Council works.

Principle 2	Deliver for Local Residents
Action 22	Ensure local residents and service users are consulted with as part of the Commissioning & Procurement Framework in developing modern services by implementing online tools and systems to enable greater Council-wide visibility of all procurement and commissioning activity
Action 23	Ensure that only projects that contribute or support the Council's key ambitions proceed by developing gateway processes for procurement and commissioning projects

4.3 Principle 3- Focus on Prevention

We aim to provide early help to reduce demand across services and focus on building on local strengths and reducing inequalities. The Council will: -

Principle 3	Focus on Prevention
Action 24	Ensure necessary data capture to identify service demand is built into contracts by working with Business Intelligence Team to improve methods of monitoring throughout the life of the contract
Action 25	Include demand management as key aspect of Contract Management Framework.
Action 26	Include Climate Emergency topic in all Supplier Events to provide suppliers with information to reduce their Carbon footprint and single-use plastic usage.

5 Other Considerations

5.1 COVID 19 Pandemic

The worldwide pandemic has had a radical impact on the way in which people and businesses have gone about their daily lives. These include:

- less use of public transport but greater numbers of people cycling or walking
- an emphasis on homeworking and the use of videoconferencing
- infrastructure changes to allow for social distancing
- move to online shopping and closures of High Street shops
- reduction in air pollution
- 'Staycations' increasing in popularity
- Businesses adapting to market changes and increased innovation
- Volunteering and increased community spirit

The Council needs to build on these changes now these issues are at the top of the global agenda and leverage the opportunities created by the pandemic to deliver positive impacts for the future. We need to adapt and build resilience in our supply chains, encourage more research and development whilst understanding the fragility of the marketplace.

We also need to recognise the cost challenges that we face as a result of the COVID19 pandemic. We may not be able to buy goods of the same quality or our suppliers may have difficulty finding the necessary parts and equipment through their supply chain. We may therefore have to pay more to get the same or consider other options.

5.2 Culture Change

It is vital that the Council embeds its Climate Emergency objectives in all areas of the organisation including procurement of goods and services and creates a culture of thinking sustainably at all levels, from CEO down to grass roots. It should become second nature for staff to ask sustainability questions.

5.3 Costs vs Sustainability

Another important consideration is the tension between the cost of procuring and sustainability. The purchase cost usually increases when goods are labelled as sustainable, however the purchase cost is not the only factor when buying. It is vital to take into consideration the whole-life cost of the goods or service. This can include set up costs, management fees, running and maintenance costs for example.

5.4 Social Value Act

The act requires commissioners in England and Wales to think about the value they can secure for their area when buying services at the pre-procurement stage: how the services they are going to buy might improve the economic, social or environmental well-being of the area.

The act was reviewed in 2018 and now would be an ideal time to review the Council's Social Value policy including how it scores suppliers in tenders and what level it sets the relevant weightings. The current weighting is 5% maximum for the whole tender evaluation, however, to give the Council maximum flexibility to deliver on its objectives it would make sense to review this and adopt a sliding scale to reflect differing marketplaces and service outcomes. (See Action 10) however we must be careful to ensure the weighting is proportionate to the procurement and commissioning activity and does not have any unforeseen consequences.

In addition to this the Council will look to implement TOMS, a national framework which provides a minimum reporting standard for measuring social value.

5.5 Modern Slavery

The Council must ensure it can mitigate the risks and negative impacts of modern slavery issues, such as child labour and take responsibility for driving ethical procurement and responsible supply chains. We need to put processes in place to ensure we ask the right questions of our suppliers and put in place appropriate checks.

6 CONCLUSIONS

The three things the Strategic Procurement Team must help the Council to get right are:

1 The Environmental Factors and Measurements

We have a zero-carbon policy, but we need to break it down and establish the key categories and environmental sub-criteria.

2 Contractual and Supplier Relationships

We must put into place contracts with our suppliers that allow them scope to be innovative and look for solutions to our issues. We must build strong relationships with them and encourage feedback to us.

Our contracts must be fit for purpose and include appropriate Service Level Agreements and Key Performance Indicators.

We should not deal with any suppliers who cannot assist us in our ambitions.

We will need to revisit existing contracts to ensure that these meet the new standards and if necessary, we will need to amend them or terminate them early.

3 Staff and labour factors

Our staff and contractors will need to be appropriately trained in sustainable procurement and in contract management. We will need to ensure the governance structures and audit controls are in place to support them.

We will need to ensure that when dealing with suppliers, they are upholding the sustainability policy of the Council.