

EAST SUSSEX FIRE AUTHORITY

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Title of Report Procurement Strategy Refresh 2022-25

By Duncan Savage, Assistant Director Resources/Treasurer

Lead Officer Claire George, Procurement Manager

Background Papers None

Appendices 1. Procurement Strategy 2022-25

Implications

CORPORATE RISK	✓	LEGAL	✓
ENVIRONMENTAL	✓	POLICY	✓
FINANCIAL	✓	POLITICAL	✓
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT To present the refreshed Procurement Strategy for the period 2022-2025.

EXECUTIVE SUMMARY The Procurement Strategy of 2018-20 was intended to further widen the scope of Procurement within the Service, by enabling the transition from a tactical / transactional function to strategic leadership and embed a category management approach.

The core principles focussed our activities on delivering efficient and effective, commercially sound commissioning and the introduction of a corporate, co-ordinated approach to purchasing, to maximise the impact of procurement, both internally and externally.

Predominantly this approach remains valid. The refreshed 2022-25 version of the Procurement Strategy, reflects a change in emphasis, highlighting less the need to change our ways of working and more the need to continue to deliver against the established themes and as such, it has not been subject to wholesale changes.

The continued progression of Procurement as a strategic function and deployment of this strategy, enables us to focus our limited professional resources, on the vital value adding

activities, which drive savings and efficiencies and support the delivery of the Service's purpose and commitments.

With continued pressure on budgets and reduced funding, it is more important than ever that the Authority's Procurement Strategy delivers cost effective services which meet the needs of our community. Equally efficiencies from procurement continue to form a key part of the fire sector's case to Government, alongside improvements in operational productivity, for a fair and sustainable financial settlement.

RECOMMENDATION

The Authority is recommended to:

- i. approve the Procurement Strategy 2022-25; and
 - ii. consider whether any further information is required
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1. INTRODUCTION

- 1.1 As outlined above, the refreshed strategy does not represent a significant departure from our current approach.
- 1.2 The established strategy themes are: Technology, Category Management, Partnering and Collaboration, Contract Management, People Development, Governance, Risk Management and Social Value.
- 1.3 The eight key themes around which the strategy is centred and the overarching principles of Compliance, Coordination and Commercialism, remain live and relevant and are therefore unchanged, the exception being Social Value. This is now included as Responsible Procurement, to expand the scope to include ethical and sustainable procurement, environmental and social issues.
- 1.4 The 2022- 25 strategy refresh therefore, is intended to reflect:
 - any changes in legislation.
 - how we will further embed the Responsible Procurement policy to support the prescient and increased focus on the issues facing the wider commissioning environment, including Social Value & climate change;
 - the opportunities and implications related to the MBOS (Modernising Back Office Systems) Project – the new Enterprise Resource Planning (ERP) solution to replace the existing SAP platform;
 - the updated/associated actions which support the delivery of the strategy.

2. STRATEGIC CONTEXT

- 2.1 In response to the Home Office's fire reform programme, the National Fire Chiefs Council (NFCC) has created a strategic committee tasked with

harnessing our national buying power, under a category management approach. This has enabled an unprecedented level of data sharing, collaboration and transparency, which will drive significant aggregation of demand and the Procurement Strategy remains designed to directly align with this undertaking.

- 2.2 In December 2020, the Cabinet Office set out proposals for shaping the future of public procurement legislation for a post-Brexit Britain, with the publication of a Green Paper. "The overarching goals of these proposals are to speed up and simplify procurement processes, place value for money at their heart, generate social value and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery". *Source- "Transforming Public Procurement"/Parliamentary Secretary in the Cabinet Office/December 2021.*

In a move away from the need to open up the common market, the Green Paper proposes that the new legislation will be underpinned by six core principles: public good, value for money, transparency, integrity, fair treatment of suppliers and non-discrimination.

- 2.3 As the Medium-Term Finance Plan outlines, there remains uncertainty about the future of local government funding and this has only been increased as a result of the Covid-19 pandemic. The MTFP under the worst-case option shows a need to deliver further savings of £3.8m by 2026/27. In the best-case scenario this reduces to £0.2m. The mid case scenario forecasts the need for £1m additional savings by 2023/24 rising to £1.5m over the next 5 years. Efficiency remains a significant part of the wider Reform programme and HMICFRS inspections will likely have a keen focus on procurement, as part of a wider assessment of efficiency and effectiveness. It is also part of the sector's offer to Government in return for a fair and sustainable financial settlement.

With ever increasing pressure on budgets and reduced funding, it continues to be fundamental that the Authority's Procurement Strategy aligns with and supports our Purpose and Commitments to deliver high performing, responsible services and make effective use of our resources, to meet the needs of our community.

3. **SUMMARY OF REFRESHED AREAS**

3.1 **Legislative changes/Green paper**

The Government proposes to repeal the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016, the Concession Contracts Regulations 2016 and the Defence and Security Public Contracts Regulations 2011 and produce a single set of regulations covering all contracts.

There are no proposed changes to the definition of "contracting authorities", which will continue to include local government bodies.

In the absence of the new legislation, the Procurement Strategy, in tandem with the Responsible Procurement policy, has been designed to reflect the

aforementioned six core principles: public good, value for money, transparency, integrity, fair treatment of suppliers and non-discrimination.

All associated policies will be further refined, as required, when the legislation is published and adopted.

3.2 Social Value to Responsible Procurement

The Public Services (Social Value) Act 2012 initiated the drive to embed understanding of these impacts with Public Sector commissioning and requires commissioners and procurers at the pre-procurement stage, to consider how the proposed procurement exercise may improve social, environmental, and economic wellbeing of the relevant area and how they can secure wider social benefits.

Responsible Procurement is a process whereby organisations meet their needs for goods, services and works in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to their wider community and the environment.

It seeks to build on and expand the scope of ethical and sustainable procurement, to include environmental and social issues, including purchasing that minimises carbon emissions and mitigates the risks of human rights abuses in the supply chain.

The refreshed strategy now recognises these broader and interconnected considerations.

To supplement the strategy, the newly introduced Responsible Procurement policy aims to support our collective responsibility to limit any negative impact and promote the Authority's commitment to deliver responsible and sustainable outcomes, across three primary areas.

1. Social Value
2. Ethical Sourcing
3. Environmental Sustainability

Procurement will play a dual role in supporting Responsible Procurement – directly by crafting specifications which reflect commodity targeted considerations e.g., specific environmental objectives and indirectly, by supporting colleagues to assess the wider impacts of sourcing decisions. We will focus efforts where we see the greatest opportunity initially, for example within the Estates & Fleet categories.

Given the breadth of scope and potential considerations, the Procurement Strategy outlines three areas of focus within our procurement exercises, whereby we can assess how a provision:

1. **supports the local economy** – exploring opportunities to encourage local or Small Medium Enterprises (SMEs) and voluntary and diverse businesses, number of local and diverse suppliers used within the supply chain and number of apprenticeship placements.

2. **minimises carbon emissions and the carbon footprint** of goods, services, and suppliers contract delivery methodology
3. **allows the supplier to innovate** via the use of non-prescriptive specifications, which allow the market and suppliers to speak on innovative solutions and/or new technology, where it has sustainable benefits.

As the overarching corporate position develops, particularly in relation to our response to climate change, more specific KPIs can be introduced to ensure we align and support.

3.3 **Technology- MBOS**

East Sussex County Council (ESCC) is the service provider for back-office services including SAP Enterprise Resource Planning (ERP) IT system for ESFRS. ESCC has embarked on the implementation of a new back-office Enterprise Resource Planning (ERP) solution to replace the existing SAP system.

The outcomes and objectives of the MBOS programme are as follows:

Efficiency - Eliminate repetitive processes and greatly reduce the need to manually enter information

User experience - Save time on transactional activity and spend more time on developing insights into user, customer, supplier & partner needs, and performance

Workforce competencies - Change the competency requirements of the organisation as it moves from a transaction base to data intelligence led organisation

Integrated access to information - Data accessed through a single Reporting and Business Intelligence solution, integrated across all platforms, keeping data consistent, accurate, and unique.

The MBOS programme presents an ideal opportunity for the Service to transform and improve our Procurement systems and processes, including automated workflows, end user self-service and improvements in quality and timeliness of management information.

Implementation of Oracle Fusion (MBOS solution) will also assist in meeting the enhanced data transparency requirements outlined in the Green Paper.

The refresh sets out our strategic intention to make best use of the enhanced functionality, to modernise working practices.

3.4 **Associated Actions**

Section 8 - Priorities of the refreshed strategy has been updated to reflect any outstanding and continuing actions, plus all new actions associated with the update and in line with Procurement's business plan.

3.5 Outstanding actions which have been carried over from the previous strategy iteration, are due in the main to capacity constraints – Procurement's ability to complete all year 3 actions was impeded by the redeployment of resources

during the early stages of the pandemic and failure to attract a credible candidate to a vacant post.

Due to the emerging resource impact of the MBOS implementation, it has been necessary to reprioritise Procurement's Business plan for 22/23 and this is reflected in Section 8.

4. FINANCIAL IMPLICATIONS

- 4.1 The Procurement Business Plan commits to an annual saving target of a minimum of £25k annually, in addition to any category savings opportunities identified and targeted.
- 4.2 A fundamental element of the category plan will be the identification of the scope for future efficiencies and this will enable the setting of targets for each category on an annual basis.
- 4.3 To meet the significant effort required to implement the new MBOS ERP system, we anticipate the need to source additional resource into the Procurement team and that this will be funded from the project budget.
- 4.4 The £20,000 funding for the delivery of corporate procurement training was removed as a separate bid from the Star Chamber process in 2021/22 on the basis that it would be funded from the existing corporate training budget.

5. CORPORATE RISK

- 5.1 Central oversight of all purchasing and contractual arrangements which utilises the professional procurement expertise within the Authority, will ensure we have robust agreements which are legally sound, compliant and offer appropriate recourse, both in terms of remedy and remuneration.
- 5.2 The change in theme from Social Value to Responsible Procurement clearly signals we must give due consideration and visibility to whole life costs, improved outcomes, long-term value for money, safeguarding risks, supply disruption risks, energy usage and many other factors at the pre-planning stage, to create positive impacts where possible.
- 5.3 Identifying and mitigating risk is integral to the formulation of the category strategies and associated contracts. Category Strategies use the Kraljic Matrix approach to segment supplies according to value & risk of supply. The Category Specialists are responsible for ensuring contracts include are subject to financial health/insurance checks and have appropriate business continuity arrangements, based on criticality of supply.

6. LEGAL IMPLICATIONS

- 6.1 There are a range of UK legal requirements that must be complied with when conducting procurement activity, including:

Public Contracts Regulations 2015
Social Value Act 2013
The Modern Slavery Act 2015

- 6.2 Data transparency - one of the major changes proposed in the Green Paper is the requirement for contracting authorities to publish "basic disclosure information" about the procurement with the contract award notice before the contract can be awarded, including the identity of the bidders, the evaluation reports and the basis of the award decision. The Green Paper anticipates that any release of information should be in line with the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and the Data Protection Act 2018.

As a consequence of "embedding" transparency through the procurement process, contracting authorities will no longer be required to provide individual feedback letters to bidders. Instead, bidders will be encouraged to create their own feedback from the information available.

Procurement will maintain a watching brief and all relevant processes will be revised to respond to the legislative changes.

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 The Government has committed to achieving net zero greenhouse gas emissions by 2050 and will aim to reduce emissions by 68% by 2030. Fire and rescue services have a key role in responding to the climate change emergency.

The Social Value theme has been broadened to include environmental considerations, supported by the Responsible Procurement policy, and will be aligned with the Authority's plans for sustainability and carbon reduction which are due to be considered in autumn 2022.

8. POLITICAL IMPLICATIONS

- 8.1 The strategy will enable alignment with the indicated priorities of the Green Paper reforms.
- 8.2 The category approach directly aligns with the NFCC Strategic Committee and demonstrates our commitment to support both the national procurement and reform agenda

9. INCLUSION & DIVERSITY

- 9.1 The inclusion of Social Value as a strand of Responsible Procurement theme within the Strategy will have positive impact. Equality Impact Assessments are an integral component of the business requirements suite, within category strategy formation.