

Report to the Cabinet

Date of meeting: Monday 17 March 2025



**Epping Forest
District Council**

Portfolio: Contracts Delivery Portfolio Holder

Subject: Essex Procurement Partnership Governance Papers – Approval and Adoption

Responsible Officer: Shane McNamara, James Warwick, Procurement and Contract Development Manager, Service Director (Contracts, Partnerships and Procurement) (smcnamara@eppingforestdc.gov.uk, jwarwick@eppingforestdc.gov.uk)

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Recommendations/Decisions Required:

- (1) To delegate authority to the Service Director – Contracts, Partnerships and Procurement for the signing by the Council of the EPP Collaboration Agreement for a period of three years commencing 01 April 2025.**
- (2) Agreement to the adoption of the EPP Procurement Strategy, setting the direction of procurement practice at the Council for the next three years (subject to annual review).**
- (3) Agreement to the Social Value Policy and Approach, introducing a TOMs based approach to evaluation and reporting on social value within the Council.**
- (4) To agree amendments to the Council's Procurement Rules to facilitate the above recommendations and in response to Audit recommendations.**

Executive Summary:

The purpose of this report is to seek agreement for:

- i) The Essex Procurement Partnership Collaboration Agreement, formalising the working arrangements for operating shared procurement service.
- ii) The Procurement Strategy, setting out the priorities for the procurement service over the next 3 years.
- iii) The Social Value Approach, introducing a new approach to the evaluation and reporting of social value through procurement undertaken by Epping Forest District Council.
- iv) To amend the Council's Procurement Rules to align them with the principles of the Essex Procurement Partnership and to also incorporate some Audit recommendations.

Reasons for Proposed Decision:

Background

The Essex Procurement Partnership (EPP) was created from the combination of two existing service arrangements. The Essex Procurement Hub through which EFDC, Braintree District Council and Castle Point Borough Council procured, operated by Braintree District Council and a shared service operated by Essex County Council, through which the procurement needs of Tendring District Council were met.

EFDC has been a part of the Essex Procurement Hub since 2006 – the Hub has helped to undertake many of EFDC’s procurement processes in that time, leading to cost savings and providing other benefits such as training and access to an e-procurement system at no extra cost.

Following significant consultation with representatives from the above organisations it was agreed to create one collaborative approach and team for the performance of procurement for these organisations with Essex County Council as its Accountable body, given its position as a leader in public sector procurement.

It is anticipated that the following benefits will be achieved:

Increased resilience – through more resource EPP is able to better flex to the peaks and troughs of each Authority and enable effective cover during holiday or sickness periods or when staff leave.

Procurement Expertise – By operating across multiple Authorities staff are able to specialise in categories of spend, with more procurement activity in those categories. This is further enhanced through access to the considerable expertise held in the CIPS accredited ECC procurement team. The result of this should be more informed procurements which in turn will deliver better value for money for EPP members.

Compliance Assurance – With ECC as accountable body, EPP will work closely with the ECC Strategy and Assurance Team in preparing for implementation of the Procurement Act 2023 ensuring compliant process and documentation are in place for the new Act.

Savings – Through a common forward plan and working as a team the member Authorities will be able to better identify collaborative procurement opportunities. This gives the opportunity to combine spend, creating economies of scale and so delivering contractual savings. Additional benefits will be achieved through efficiency in the resource model, with collaborative procurements enabling fewer tender processes to be undertaken. Over time, as the team develops savings in the staff model will be enabled so reducing the overall cost of the team to member authorities.

Reduced Duplication – Working together to have one common approach to procuring and social value will both create efficiencies for the procurement team and reduce administrative burden to those bidding for procurements. Small to Medium Enterprises and Voluntary Sector Organisations who tend to have limited resources to bid, should be particularly advantaged by this approach.

Retain Staff – Through the ability to create a career path within the EPP team, this should better enable recruitment into EPP and the ability to retain staff.

Improved Practice – By collaborating, efficiencies will be created to enable the delivery of professional procurement practice. The common approach to Social Value as set out below is an example of this. Other examples include work to understand the market from which we are sourcing, introducing an industry recognised category management approach to drive better value for money.

The detail below will summarise each of the key documents requiring approval:

- The Collaboration Agreement (Appendix A),
- The Essex Procurement Partnership Procurement Strategy (Appendix B)
- The Social Value Policy and Approach (Appendix C)
- EFDC Procurement Rules (Appendix D)

The Collaboration Agreement

The Collaboration Agreement provided as Appendix A, sets out the key deliverables of EPP:

Contract Liquidity – To develop a clear contract register and forward plan to enable members to understand third party commitments and undertake proactive procurement.

RFQ Process – Provide the necessary template documentation and training to allow member authority staff to effectively undertake sourcing activity under the Party's tender threshold.

Sourcing Activity – Undertake all procurement for the members authorities above the Council's tender threshold where placed on the pipeline 6 months ahead of requirement. This sourcing activity will be undertaken in line with the prioritisation approach set out in schedule 3 of the Collaboration agreement. Where projects are identified less than 6 months before needing to be procured the Lead party will and already does use best endeavours to undertake this procurement to support the requesting party.

Category Management – Identify key categories of spend across member authorities and undertake review of this spend to identify savings opportunities, with the creation of a category strategy.

Collaboration – Identify through category strategies and general procurement activity opportunities for collaborative procurement, create a plan for these projects and undertake sourcing activity to deliver benefits from this.

Frameworks – Increase income from existing frameworks and identify new frameworks to increase income to the member of the Essex Procurement Partnership

Social Value – Introduce a common approach to social value/ climate agenda to sourcing activity for members as detailed later in this decision report and in line with the Social Value Approach provided in Appendix B

Knowledge – Provide parties with a supportive procurement team with the right knowledge and capabilities to deliver an effective and professional sourcing service to each member

Development – Continue to assess and develop the procurement maturity of each and support in developing this level of maturity in line with the National Procurement Strategy.

Network – enable access to wider expertise within the ECC team and wider authority network where resource is available

The Collaboration Agreement sets out how EPP will deliver the above objectives in detail and the governance structure which oversees its operation, consisting of:

The Strategic Officer Group, consisting of Director level representation from each Member Authority and with responsibility for:

- Setting the strategic direction of the collaboration, ensuring the service meets the defined service objectives.

- Agree the priorities of the collaboration within the resources available and supports the process for ensuring sufficient resources are provided by each party to enable the objectives to be delivered.
- Monitoring the performance of the service delivered by the Lead Party to ensure it is working effectively and in line with the work plan agreed by the parties.
- Agreeing to the growth of the collaboration with new Local Authorities joining.

The Member Advisory Group, consisting of Councillor representation from each Member Authority will:

- Review the performance of EPP in delivering against its objectives.
- Promote the approach to shared working to support growth.

The above groups will be supported by the Officer Operational Group and Partner Working Group with a greater operational focus to ensure confidence that sourcing activity is being done effectively and demands from each Authority are being effectively met.

These groups ensure that the work and strategic direction of EPP and procurement in the member councils are set by the parties in partnership. It is a collaboration of resources from across these member councils rather than a service being delivered by one Council on behalf of others.

The Collaboration Agreement is proposed to be in place for a three-year trial period, during which period performance will be reviewed for the Council to consider whether it wishes to continue to participate in EPP and whether a longer term position should be adopted.

The Procurement Strategy

The Procurement Strategy provided as Appendix B sets out the vision, goals, scope, and priorities of EPP for the next three years and so procurement within the Council. This seeks to deliver the agreed benefits as set out above. It outlines how EPP over the next three years will deliver these in line with the Procurement Act 2023.

EPP will review and update this procurement strategy annually to ensure that it remains relevant and responsive to the changing needs and circumstances of the Authorities including the new legislation. EPP will monitor and report on the progress and performance of this procurement strategy to members and stakeholders.

The Social Value Policy and Approach

The Social Value Policy and Approach is provided as Appendix C. This sets out the revised approach to including and evaluating social value through procurement.

The term 'Social Value' is defined in the Public Services (Social Value) Act 2012 which came into force in January 2013. It requires all public sector organisations (and their suppliers) to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental well-being of an area.

Public authorities consider the wider financial and non-financial value created by the way an organisation delivers the contracts they let and express the contribution to its commercial outcomes in terms of the wellbeing generated for individuals, communities, the economy

and the environment. This must be achieved in accordance with the Public Contracts Regulations 2015 and the Local Government Act 1988.

Whilst the council already includes social value as part of its procurement process, this revised common approach across members ensures a robust and defensible approach to considering social value, enabling reporting on social value being delivered for the Council.

Requiring our suppliers to set out the social, economic and environmental benefits they achieve when performing our contract means that the true commercial impact is considered when tendering. It will encourage vendors to consider the way that they deliver goods, services or works, for example:

- promoting greater environmental sustainability: minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability activities.
- creating job opportunities for local residents, those not in education, employment or training, for care leavers or for people with disabilities
- providing support, advice or mentoring opportunities to the long term unemployed, schools or school leavers.
- providing sub-contracting opportunities for a diverse range of suppliers, including the participation of small and medium sized enterprises (SMEs) and 3rd sector organisations, and local suppliers in general
- offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities

Best practice guidance suggests that procurement procedures should permit a flexible weighting of up to 20% of total scores available on a tender to be assigned to social value, with social value forming part of the quality assessment of bids received.

Essex Procurement Partnership (EPP) intends to seek social value through all its procurements where the contract value is over £100,000 where it is relevant, proportionate and non-discriminatory to do so.

EPP's approach to social value supports the delivery of the following common priorities across the member councils:

- A strong, inclusive and sustainable economy
- A good place for children and families to grow
- Health, wellbeing and independence for all ages
- A high-quality environment

Like many Local Authorities across the country, the Council with EPP is seeking to adopt the Local Government Association's National Social Value Taskforce 'National Themes, Outcomes and Measures' method of classifying and scoring social value in our tender processes. This method is frequently referred to as the 'National TOMs'.

The National TOMs framework was designed around 5 principal issues, 20 core outcomes and 48 core measures:

- **Themes**: The overarching strategic themes that an organisation is looking to pursue.

- **Outcomes:** The objectives or goals that an organisation is looking to achieve that will contribute to the Theme.
- **Measures:** The measures that can be used to assess whether these Outcomes have been achieved. For the National TOMs framework, these are action based and represent activities that a supplier could complete to support a particular desired outcome.

This has been adapted to focus on the delivery of the Council and our partners' commercial objectives and priorities. This resulted in the 'EPP TOMS'. The master list of EPP TOMs is called the 'EPP TOMs Social Value Calculator'.

The Social Value element of bids is scored in two parts:

the value score (the commercial value of the social value bid expressed in monetary terms using the EPP TOMs Social Value Calculator); and

the Supporting Statement score (which contributes to the evaluation of the commercial value to the relevant EPP partner by assessing the robustness of the delivery plan to achieve the Social Value bid by the supplier).

These two elements combine to create a score which is fed into the evaluation process for the Procurement.

Essex Procurement Partnership will monitor the social value that is delivered against the commitments made in collaboration with its contracted suppliers on a regular basis.

EPP resource will support Council staff in the introduction of this social value approach and the implementation of social value through procurements.

This TOMs based approach provides a robust method for evaluation of social value as part of the procurement process, with many suppliers already familiar with the approach reducing their bid time and the risk of challenge from bidders on this element of the bid process. Reporting too will be better enabled with a clear social value which can be communicated by the Council. The Council will also be able to benchmark the delivery of social value within its area against other users of the TOMs methodology.

Summary

The combination of the Collaboration Agreement, New Procurement Strategy and Social Value Policy and Approach enables the Council to improve procurement practice, ensure value for money for residents and ensure the Council is in a good position to deliver against both the new Procurement Act 2023 and the National Procurement Policy Statement.

Local Government Reform

With regards to the potential Local Government Reform that is likely to affect EFDC in the coming years, it is thought that a Procurement Partnership will provide a strong platform to work collaboratively across the County and potentially build partnerships into the future. The initial three-year agreement also allows us to review our options in the future should we feel the need to do so.

Other Options for Action:

To not join up to the Essex Procurement Partnership would mean having to resource all of EFDC's Procurement requirements internally, likely by recruiting additional Procurement staff, and could

potentially mean missing out on the collaborative opportunities presented by being in the partnership as previously noted.

Report:

1. The combination of the Collaboration Agreement, New Procurement Strategy and Social Value Policy and Approach enables the Council to improve procurement practice, ensure value for money for residents and ensure the Council is in a good position to deliver against both the new Procurement Act 2023 and the National Procurement Policy Statement.
2. The Council's Procurement Rules will also be updated to reflect our agreement to the above documents from the Essex Procurement Partnership, as well as a general update to accept some Audit recommendations. The main change is that EFDC's financial threshold at which point we are required to run a tender process will be reduced from £50k down to £25k, which is the point that EPP's service will support EFDC with Procurement Activity.
3. The Procurement Rules will also be amended to reflect some Audit recommendations, in particular to state that the Procurement Team should be notified before any contracts are signed on behalf of the Council; this was previously stated as only contracts above £50k.

Scrutiny Comments

N/A

Resource Implications:

This will be resourced within existing budgets.

Legal and Governance Implications:

Adopting these changes will help to ensure EFDC comply with the new Procurement Act 2023, which comes into effect on 24 February 2025.

Consultation Undertaken:

N/A

Background Papers:

EFDC Procurement Rules
EPP Collaboration Agreement
EPP Procurement Strategy
EPP Social Value Policy

Risk Management:

Some Procurement risks have been identified as part of the Directorate and Service Risk Registers, particularly around Contract and Supplier Management and Value for Money – this partnership and the advice / training they will provide, along with updated Procurement Rules and the Procurement Checklist that has been created by the Procurement team, will help to mitigate these risks.

Equality:

An Equality Impact Assessment was carried out and there was no significant impact.