



# Finance and Corporate Services Select Committee

## Review Scoping Report - 2022/23

Draft Working Title: “Procurement within Hillingdon: securing value for our residents”

### **1. REVIEW OBJECTIVES**

#### **Aim and background to review**

At its meeting on 13 July 2022, the Select Committee suggested that its first review be the topic of procurement within Hillingdon Council.

As set out in Government’s National Procurement Policy Statement (June 2021), public sector procurement accounts for circa £290 billion every year. Local governments must ensure that this expenditure supports the delivery of public sector policy priorities, including generation of economic growth, recovery from the Covid-19 pandemic, the addressing of climate change.

This document serves as an introduction to the topic of procurement and sets out in general terms the legislative and national context to procurement within local government, the objectives for, and challenges to, effective procurement, and offers a framework for any subsequent review.

Topics suggested to be considered as part of the review are set out within the Terms of Reference:

## Terms of Reference:

It is proposed to structure the review under 3 themes:

- 1. To understand and review the legal and regulatory context that Hillingdon operates within including:**
  - a. Legal context including The Procurement Bill (as introduced in May 2022 and progressing through Parliament)
  - b. The Council's own Standing Orders
  - c. National Procurement Policy Statement
  
- 2. To understand and review how the Council delivers Value for Money through the Procurement process including:**
  - a. Understanding the need and writing specifications (including Net Carbon Zero and other Council priorities)
  - b. Procurement strategies
  - c. Understanding the market and engagement with providers
  - d. Drafting tender document
  - e. Evaluation and awarding contracts
  
- 3. To understand and review how Officers manage contracts post award including:**
  - a. Contract Management processes within the Council
  - b. How the council monitor and manage contracts to ensure ongoing value for money (including sub-contracting)
  - c. Managing contracts in a high inflation environment
  - d. Relationships with our suppliers
  - e. Decisions on extending or retendering contracts

## **2. SUPPORTING INFORMATION**

### **Legislative / national context**

Hillingdon's public website provides an introduction to procurement for the benefit of its residents.

#### **The Procurement Bill**

The post-Brexit landscape has presented an opportunity to move away the EU public procurement regime and there is clearly an appetite to do so. In the Queen's Speech in May 2022, it was announced that the UK public procurement regime would be reformed following the UK's exit from the European Union. The Bill will give effect to some, but not all, of the policies that were set out in the Government's Green Paper – Transforming Public Procurement.

In its own words, the intention of the bill is to *“reform the UK's public procurement regime, making it quicker, simpler, more transparent and better able to meet the UK's needs while remaining compliant with our international obligations. It will introduce a*

*new regime that is based on value for money, competition and objective criteria in decision-making. It will create a simpler and more flexible, commercial system that better meets our country's needs. And it will more effectively open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts. It will strengthen the approach to excluding suppliers where there is clear evidence of their involvement in Modern Slavery practices, and running throughout each part of the Bill is the theme of transparency."*

The bill continues to transition through Parliament, although there is no final date as to when it will become law. Committee Members may wish to know what the emerging implications are for the way in which Hillingdon undertakes its work.

### **The National Procurement Policy Statement (NPPS)**

In June 2021, Government published its National Procurement Policy Statement. The NPPS asks that all contracting authorities have due regard to a set of national strategic priorities when exercising their functions relating to procurement. The national priorities relate to:

- Social Value
- Commercial and procurement delivery and
- Skills and capability for all

The detail within each of these priorities will be considered in more detail within the first theme of the review.

### **The National Procurement Strategy for Local Government**

The Strategy was launched in February 2018, and makes a number of recommendations within its three main themes:

1. showing leadership
2. behaving commercially
3. achieving community benefits

In addition to the themes, the strategy identifies four 'enablers':

1. developing talent
2. exploiting digital technology
3. enabling innovation
4. embedding change.

Progress towards implementation the Strategy was assessed in 2021. With over 60% of English councils taking part in the self-assessment process, the assessment identified a number of areas of good practice that are included within the report and that may be of benefit to any review.

Although 4 years since the strategy was issued the content of the strategy remains valid and many of the principles have flowed through into the NPPS and the Procurement Bill.

Links to all reports referenced above have been included within the Background Reading section of this document.

### **The Council's Climate Change Action Plan**

Following a Council motion approved on 18 November 2021, updating the Council's previous climate emergency declaration, the Council's Climate change strategy and targets were updated with respect to procurement to include a commitment to:

- ensure that, where practical and cost effective, all the council's procured services are net carbon zero by 2035;
- support and work with businesses and organisations towards making the entire borough net zero carbon by 2050;
- review the Council's investment strategy within the next 12 months to give consideration to climate change impacts in the council's investment portfolio.

Committee Members may wish to review how these targets are being met.

### **Current staff resource**

The Procurement Team is currently made up of:

1 x Head of Procurement and Commissioning  
1 x Strategic Category Manager  
3 x Category Managers  
2 x Assistant Category Managers  
3 x Buyers  
1 x Procurement Officer

### **External issues and risks to effective procurement**

Procurement within local government is faced with a number of challenges, including:

- Increasing demand for services combined with decreasing funding/resources
- Continued effects of the Covid-19 pandemic and ongoing recovery;
- Recent Implications from BREXIT, including scarcity of materials, manpower and expertise;
- Delays due to reliance on external parties and consultants;
- Rising inflation and the effects of a potential economic recession
- Ways in which Procurement is used as a tool to implement government policy, e.g. carbon zero, social value etc

## **Current data, best practice and research**

Further data and research will be identified as the review progresses.

## **Connected work**

Procurement in Hillingdon has the potential to impact all service areas within the Council. Implications to this impact will be identified as the review progresses.

## **Executive Responsibilities**

The Cabinet Member responsible is Councillor Goddard, Cabinet Member for Finance.

## **3. EVIDENCE & ENQUIRY**

### **Lines of Enquiry**

The Committee may choose to focus on identification of improvements to service productivity and efficiency in support of NPPS. It may seek to identify opportunities that exist within the new Procurement Bill or it may want to identify areas of procurement prioritisation amongst the competition for limited resource. Lines of enquiry may include the following:

- The securing of value for money,
- Potential benefits of more effective partnership working;
- How the Procurement process can be used to support Council ambitions including combating climate change and delivering social value;
- Supply chain improvements and increased resilience in uncertain times
- Ongoing recovery from the Covid-19 pandemic

### **Potential witnesses**

Witnesses will be identified by the Committee in consultation with relevant officers.

### **Surveys, site-visits or other fact-finding events**

Such opportunities will be identified as the review progresses. A possible survey of suppliers will be considered to provide useful feedback and evidence for the Committee.

### **Future information that may be required**

Further information may be identified as the review progresses.

## **4. REVIEW PLANNING & ASSESSMENT**

The proposed timeframe & milestones for the review is structured around the three themes set out in the Terms of Reference:

<b>Meeting Date</b>	<b>Action</b>	<b>Purpose / theme</b>	<b>Witnesses / officers attending</b>
06 September 2022	Agree Scoping Report		
20 October 2022	Witness Session 1	The legal and regulatory context	TBC
23 November 2022	Witness Session 2	How the Council delivers Value for Money through the Procurement process	TBC
Possible Survey of all contractors			
11 January 2022	Witness Session 3	How Officers manage contracts post award including	TBC
08 February 2022	De-brief and emerging findings	To discuss key findings and identify potential recommendations	
01 March 2022	Approval of draft final report	Proposals – agree recommendations and final draft report to Cabinet	
TBC 2022	Submission of final report for endorsement by Cabinet		

### **Resource requirements**

None.

### **Equalities impact**

TBC.

### **Background reading**

[LBH Website - Procurement within Hillingdon](#)

[Government Public Procurement Policy Statement - June 2021](#)

[Government Green paper – Transforming Public Procurement](#)

[LGA National Procurement Strategy 2018](#)

[LGA National Procurement Strategy – diagnostic report, October 2021](#)

[Draft Procurement Bill](#)

**Reviews of Procurement by other Local Authorities:**

[Dumfries & Galloway Council – Review of Procurement and Standing Orders – Completed December 2020](#)

[Tunbridge Wells – Review of Procurement \(currently underway\)](#)

**Appendices**

**Appendix A:** How the Council Helps Local Small Businesses (Considered by the Corporate, Finance and Property Select Committee – 24 November 2021)

**Appendix B:** LB Hillingdon Procurement & Contract Standing Orders - May 2021