

SOCIALLY RESPONSIBLE PROCUREMENT POLICY

**FINANCE, MODERNISATION AND PERFORMANCE
(COUNCILLOR CHRISTOPHER WEAVER)**

AGENDA ITEM: 7

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

Reason for this Report

1. To obtain Cabinet approval for the adoption of the Socially Responsible Procurement Policy (Appendix 1).

Background

2. The Council's commitment to the delivery of economic, social, environmental and cultural well-being is clearly set out in Capital Ambition, which states that the Council will "*Launch a new Social Responsibility policy to make sure that local people and local communities benefit when the Council spends money on goods and services.*" It is also reflected in a range of Council Strategies and Plans including the Council's:
 - Local Well-being Plan objectives, which are clearly aligned to the Wellbeing and Future Generations (Wales) Act.
 - Procurement Strategy 2017-2020, which has four organisational placed outcomes the first of which is 'maximising economic, social, environmental and cultural well-being' through its procurement activity.
3. The Council delivers its services directly through its own workforce, and through private and third sector organisations. The Council spends over £390 million a year procuring a diverse range of goods, services and works from around 8,000 suppliers, service providers and contractors. The Council recognises that its spend has a real impact on the local and regional economy and wants to use its spend to maximise the delivery of economic, social, environmental and cultural well-being through its contracts.
4. The Council was proud to have played a leading role, working with partners, to ensure that Cardiff became the world's first Fairtrade capital

city in March 2004. As part of the Council's ongoing commitment to the social responsibility agenda the Council were the first public sector organisation in Wales to formally sign-up to the Welsh Government's Code of Practice: Ethical Employment in Supply Chains. The Council has increasingly sought to incorporate Community Benefits into its major contracts and where practicable it now wants to go further and work with organisations who share the Council's social responsibility values.

5. The Socially Responsible Procurement Policy has also been influenced by Welsh Government legislation and a number of policy priorities including: the Wellbeing of Future Generations (Wales) Act 2015; the Social Services and Well-being (Wales) Act 2014; Prosperity for all: The national strategy and the Wales Procurement Policy Statement.
6. The Policy has placed a particular focus on three key Welsh Government initiatives:
 - Community Benefits – drives the creation of employment and training opportunities including apprenticeships, support for small and medium sized enterprises and delivery of community, educational and environmental initiatives.
 - Code of Practice Ethical Employment in Supply Chains – focuses on ensuring a high standard of ethical employment practices by our suppliers, service providers and contractors
 - Opening Doors: the Charter for SME Friendly Procurement - seeks to create a fair and open environment in which we can all do business together and address issues of particular concern to SMEs.
7. The Socially Responsible Procurement Policy therefore aims to provide an over-arching framework for the delivery of these initiatives, to comply with legislation and policy driven requirements and importantly the delivery of the Council's own commitments as set out in the Capital Ambition. The Policy is structured around the following six priorities:
 - Local Training and Employment
 - Think Cardiff First
 - Partners in Communities
 - Green and Sustainable
 - Ethical Employment
 - Promoting the Wellbeing of Young People and Vulnerable Adults
8. The Policy sets out the Council's commitment in respect of these six key priorities. To support the delivery of this Policy the Council will:
 - Oversee its implementation through its Social Responsibility Board, chaired by Councillor Chris Weaver.
 - Develop, implement and maintain a Socially Responsible Procurement Delivery Plan template for inclusion in tender documents. The Delivery Plan template would form part of the tender documentation for all contracts above £1m and effectively would be a menu of the community benefits that Directorates/the Council and potentially partners want to see delivered through

Council contracts. The tenderers would look through the list and set out in their tender what they would deliver and when. The use of the template would also be encouraged on tenders below £1m.

- Develop and maintain a Social Responsibility Toolkit to support both suppliers and buyers to maximise the delivery of social value.
- Publicise and raise awareness of the Council's social responsibility priorities to ensure that suppliers and contractors are clear about what we want them to deliver.
- Manage delivery of community benefits through effective contract management arrangements and ensure that contractors utilise the Welsh Government Measurement Tool to measure delivery on contracts over £1million.

9. A key priority of the Social Responsibility Policy is Ethical Employment. In March 2017, Cabinet agreed to become the first public sector body in Wales to sign up to the Welsh Government's Code of Practice: Ethical Employment in Supply Chains. One of the commitments in the Code is that the Council will develop a Modern Slavery Statement and review and update this on an annual basis. The Guidance focuses on ensuring that modern slavery and human trafficking are not taking place in any part of the Council or its supply chains. A Modern Slavery Statement will be developed for launch early in the 2018/19 financial year.

Issues

10. The Socially Responsible Procurement Policy was presented to SMT in August and to Policy Review and Performance Scrutiny Committee in September. Consultation has taken place with Social Responsibility Board and further consultation was undertaken with Council directorates, the voluntary sector, suppliers, contractors, partners and other public sector organisations. There has been a positive response from all consultees to the Policy. An Equality Impact Assessment (Appendix 2) and Policy-screening Tool (Appendix 3) were also completed.
11. Cardiff Council recognises the positive impacts that our suppliers can bring to the communities of Cardiff. The aim of the Policy and use of the Delivery Plan template in tenders is to ensure that the Council's contractors make a targeted and even greater contribution to improving the well-being of communities.
12. The Council will utilise Community Benefit clauses in all contracts above £1,000,000 and look to utilise them in contracts below this threshold. It is the role of those planning the procurement to utilise the Delivery Plan template from the outset and consider on a contract-by-contract basis the potential for community benefits to be delivered through the procurement process and the most appropriate way of achieving this. The Contract Manager will be responsible for ensuring the supplier / contractor is meeting their community benefit obligations and providing information to the Commissioning and Procurement team on a quarterly basis.

13. The Commissioning and Procurement team will ensure that Contract Managers have the necessary training, guidance and ongoing support in order to facilitate this process.
14. The Council is committed to ensuring a high standard of ethical trade practices across its commissioning and procurement activities. The Socially Responsible Procurement Policy will act as the Council's Ethical Employment Policy for its supply chain. In accordance with this Policy the Council will expect its suppliers, service providers and contractors to observe the Policy's provisions and to demonstrate a similar commitment to an ongoing programme of ensuring and, where necessary, improving ethical practices locally and globally.
15. Over 99% of the Council's £390 million spend is with UK based companies. However, the Council recognises that some of our supply chains spread across the world, and that parts of the supply chain could be engaged in modern slavery. The Council has limited resources to monitor and manage our supply chains and so will focus on our direct suppliers and will require our suppliers to ensure that their supply chain is free from modern slavery. The relevant clauses will be built into the Council's tender and contract documents to ensure that this occurs.

Reason for Recommendations

16. Approval of the Socially Responsible Procurement Policy will comply with a Capital Ambition commitment to 'Launch a new Social Responsibility policy to make sure that local people and local communities benefit when the Council spends money on goods and services'. It will demonstrate the Council's commitment to ethical employment and ensuring that it maximises the economic, social, environmental and cultural well-being that it delivers through its procurement.

Financial Implications

17. The Socially Responsible Procurement policy will support the Council's Procurement Strategy in aiming to ensure that as well as delivering value for money, the Council's procurement activity maximises opportunities to promote economic, social, environmental and cultural wellbeing. The delivery of the policy will take place within existing resources, through the Council's usual procurement and contract management processes, which in future will be informed by a Socially Responsible Delivery Plan and Toolkit. There are no direct financial implications arising from this report however, in the medium to longer term, costs could potentially increase, depending on how suppliers interpret the promoted responsibilities and manage any impact on their cost base.

Legal Implications (including Equality Impact Assessment where appropriate)

18. The report recommends the adoption of a Socially Responsible Procurement Policy and does not raise any direct legal implications. Legal advice should, however, be sought on individual Council

procurements, as appropriate, having regard to their nature and value. In considering this matter regard should be had, amongst other matters, to:

- (i) The Councils' duties under the Wellbeing of Future Generations (Wales) Act 2015, and;
- (ii) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief. It is understood that an equalities impact assessment has been undertaken and is attached to this report for members consideration.

HR Implications

19. There are no direct HR Implications for Council employees. The Council is a Voluntary Living Wage Employer and employees' working practices and terms and conditions comply with employment legislation and best practice. It is important that procurement processes clearly set out the expectations and requirements of the Socially Responsible Procurement Policy.

RECOMMENDATIONS

Cabinet is recommended to:

1. Approve the Socially Responsible Procurement Policy.
2. Agree that the Socially Responsible Procurement Policy also acts as the Council's Ethical Employment Policy for the Council's supply chains.

CHRISTINE SALTER

Corporate Director

9 February 2018

The following appendices are attached:

Appendix 1 - Socially Responsible Procurement Policy

Appendix 2 - EIA for Socially Responsible Procurement Policy

Appendix 3 - Statutory Policy Screening