
Procurement Strategy 2020-23

Reason for this Report

1. To seek early engagement with the Committee on development of the Council's Procurement Strategy 2020-23, and to consider whether there is merit in further inquiry work into the Council's approach.

Background

2. The Committee's Terms of Reference includes responsibility for scrutiny of the Council's arrangements for the Commissioning and Procurement of goods and services.
3. Members have previously scrutinised procurement in March 2017, commenting on the current Procurement Strategy 2017-20, and in September 2017, commenting on the Socially Responsible Procurement Policy.
4. In recent months several Members have expressed their concern to the Chair of the Committee about the length of time that it takes to award a contract using the Council's procurement process and the problems that this can sometimes cause to service delivery. It has therefore been suggested that the Committee considers reviewing processes to establish whether they could be streamlined. The example given was the procurement of a replacement contractor for building maintenance work to void council properties.

5. The Head of Procurement has provided the Chair with a detailed response to the specific case. This highlighted that the Council's procurement processes were largely governed by timescales defined within legislation and the impact that the Council's Scheme of Delegations can have on the procurement timeline for procurements over £1m.

Procurement Strategy 2017-20 & Socially Responsible Procurement Policy

6. The Council's current Procurement Strategy 2017-20 attached at **Appendix 1** is focussed on the delivery of social, economic, environmental and cultural well-being through the way the Council manages its procurement activity. Alongside that document, in October 2017 the Council published a Socially Responsible Procurement Policy, attached at **Appendix 2**.
7. The Socially Responsible Procurement Policy focuses on three Welsh Government initiatives, *Community Benefits*, *Ethical Employment in Supply Chains* and the *Opening Doors Charter*. Notably Cardiff was the first Welsh Council to sign up to the Government's Code of Practice for Ethical Employment in Supply Chains.
8. The Policy provides an overarching framework to secure a joined up approach to the delivery of procurement that embodies the Well-being of Future Generations Act, the Wales Procurement Policy Statement, Cardiff What Matters Strategy and the Capital Ambition. Its six priorities are:
 - Local Training and Employment
 - Think Cardiff First
 - Partners in Communities
 - Green and Sustainable
 - Ethical Employment
 - Promoting the Wellbeing of Young People and Vulnerable Adults

Corporate Plan 2020-23

9. The refreshed Corporate Plan was agreed by Council on 27 February 2020. It includes Well-being Objective 7: Modernising and Integrating Our Public Services.

Two key procurement focussed steps are set out to achieve this objective as follows:

- a. **Continue to support the Foundational Economy through our Socially Responsible Procurement Policy**, ensuring that local people and communities benefit from the money that the Council spends on goods and services, and working with partners to explore how we can further promote opportunities for Social Enterprises in Cardiff.
- b. **Strengthen social partnership arrangements in Cardiff by updating our procurement strategy** to promote fair work and support the circular economy by 2020.

Previous Scrutiny

10. Following its previous scrutiny of procurement in September 2017 the Committee expressed concern about:

11. **Signposting smaller companies** - The importance of continuing to signpost smaller companies to bid application assistance where the Council could not assist them itself.

The Cabinet advised that in 2016/17 over 5,000 SME's supplied the council, the Selling to the Council Guide would be updated, the Third Sector would be supported to identify potential community benefits, and larger procurements would host Meet the Buyer events.

12. **Community benefit costs** - The risk that suppliers would simply add the costs associated with delivering community benefits to their bid prices.

Cabinet could find no conclusive evidence that this was in fact the case and were continuing to seek out research on the issue.

13. **Cost to the Council** - The ability to quantify the overall cost to the Council of introducing a socially responsible procurement policy.

The Cabinet reassured the Committee that implementing the policy would be cost neutral, there would be benefits to the wider community, and the internal costs of implementing the policy could be met from existing resources.

14. Ethically based procurement decisions - The visibility of evidence that procurement decisions have been ethically based rather than price based. The Cabinet explained that evidence that a tenderer shared the Council's ethical employment principles would be sought via tender questions typically scored between 5% and 20% depending on the nature of the contract. Ethical employment considerations were likely to be a part of the initial selection stage to determine whether contractors are capable and suitable to deliver contracts on behalf of the Council.

Scope of the Scrutiny

15. At the meeting Members will receive a presentation from the Head of Commissioning and Procurement as attached at **Appendix 3**.

16. Members are invited to comment on the current approach to procurement and issues that may need to be addressed within the forthcoming strategy 2020-23. They are also invited to consider whether further inquiry work would be beneficial to examine the context for the Council's £450m procurement spend. Some options may include: management oversight and Council monitoring of large contracts/ savings; Compliance / Direct Awards; Social Responsibility - Oversight of the impact of the socially responsible procurement policy; Social Value Portal (enabling objective assessment and monitoring of community benefits /value); Contract management; SMEs, Social Enterprise and the Foundational Economy.

17. In attendance to answer Members questions will be Councillor Chris Weaver, Cabinet Member for Finance, Modernisation and Performance, Chris Lee, Corporate Director Resources, and Steve Robinson, Head of Commissioning and Procurement.

Legal Implications

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- (i) Consider the Council's approach to developing its Procurement Strategy 2020-23.
- (ii) Consider whether there is merit in the Committee undertaking further inquiry work into the Council's approach.
- (iii) Agree whether it wishes to relay its comments and observations for consideration by the Cabinet.

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5 March 2020