

Socially Responsible Procurement Strategy 2022-2027

Reason for this Report

1. To provide an opportunity for pre-decision scrutiny of the Council's Socially Responsible Procurement Strategy 2022-2027 prior to consideration by Cabinet on 20 October 2022.

Structure of the papers

2. Attached to this report are 2 appendices:
Appendix 1 – Cabinet report titled Socially Responsible Procurement Strategy 2022-2027
Appendix 2 – Socially Responsible Procurement Strategy 2022-2027

Background

3. The Committee's Terms of Reference includes responsibility for scrutiny of the Council's arrangements for the Commissioning and Procurement of goods and services.
4. The Council delivers its services directly through its own workforce, and through private and third sector organisations. The Council spends over £550 million a year procuring a diverse range of goods, services and works from over 8,000 suppliers and contractors.
5. The Council has a responsibility to manage public money with probity, to comply with UK and Welsh legislation, and to ensure that value for money is achieved. Procurement is also increasingly seen as an agent for the delivery of a number of key local and national priorities such as decarbonisation, fair work, delivering

community benefits and supporting local businesses and communities. This Strategy sets out the Council's key procurement priorities through to 2027 and the key changes that it will make to improve the management of its external spend on goods, services and works.

Socially Responsible Procurement Strategy 2022-2027

6. The Socially Responsible Procurement Strategy 2022-2027 attached at **Appendix 2** is structured around seven *Key Procurement Objectives*:

- Contributing to the Council's aim to be a Carbon-Neutral City by 2030.
- Making procurement spend more accessible to local small businesses and third sector.
- Improving fair work and safeguarding practices adopted by suppliers.
- Increasing community benefits delivered by suppliers.
- Securing value for money and managing demand.
- Ensuring legal compliance and robust and transparent governance.
- Promoting innovative and best practice solutions.

7. This Strategy has been informed by the Cabinet's vision for Cardiff, Stronger, Fairer, Greener, and by Welsh Government legislation and policy including the Wellbeing of Future Generations Wales Act, Wales Procurement Policy Statement, the Code of Practice – Ethical Employment in Supply Chains and both the Procurement Bill and Social Partnership and Public Procurement (Wales) Bill, which are due to become legislation towards end of 2023.

8. The delivery of this Strategy will be managed through an annually updated Delivery Plan with progress reported and published on an annual basis.

Previous Scrutiny

9. The Committee has regularly scrutinised procurement policy and Members may find some of the observations that followed those scrutinies useful in preparing their lines of inquiry. The themes/headline observations are in bold.

9. **Collaborative procurement agenda** - In June 2021 the Committee heard that Atebion Solutions, the Council's arms-length trading, commissioning and procurement company, set up to generate revenue and grow the knowledge base of the service. The Council's Procurement Team, had been invited to deliver Monmouthshire and Torfaen Council's procurement functions, and Members were reassured that the arrangement allowed the service to fulfil budget cuts and the extra capacity would build resilience. Such partnerships are an opportunity for both Councils to grow a centre of excellence, and to proactively use Cardiff's procurement skills and capacity to lead.
10. The prominence of Cardiff's procurement function amongst South-East Wales Authorities was further illustrated as the service led the re-procurement of the Collaborative South-East Wales Civils and Highways Construction, a 4 year arrangement that local authorities can use to avoid carrying out individual procurements on projects up to a value of £10m. Essentially a collaborative procurement agenda promotes really useful best practice and consistent behaviours.
11. **Signposting smaller companies** – Members highlighted the importance of continuing to signpost smaller companies to bid application assistance where the Council could not assist them itself. The Committee noted that the Council encourages large contractors to use local suppliers in delivering contracts. It supported any feasible and cost-effective moves to enable local suppliers and the third sector to participate in bidding for council contracts or acting as sub-contractors or suppliers.
12. **Community benefit costs** – Members highlighted 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. Members established that the concept of community benefits can be wide ranging. It can include such areas as the real living wage, social value, ethical employment, training and development, use of local suppliers, and more recently tackling modern slavery. Evaluation of community benefits is considered at pre-qualification stage. substantial work has been undertaken on the inclusion within contracts of community benefits.

13. **Cost to the Council** - Members highlighted the need to quantify the overall cost to the Council of introducing a socially responsible procurement policy and 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** – Members sought reassurance of evidence that procurement decisions were ethically based rather than price based. 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.
15. **Contract management** – Members considered day to day quality control of work delivered by contractors to be critical. Responsibility for contract management sits with directorates that may not have the capacity or skills to manage contracts effectively and Members felt this was an area requiring further development. They strongly supported the need for the effective performance management of contracts to be built into contracts up front with clear management accountabilities. the area of building a robust and skilled contract management process and capacity is of vital importance and the committee recommended the development of a specific and detailed contract management strategy within the Council.

Scope of the Scrutiny

16. In attendance to give an overview of the strategy and 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.
17. Members will be invited to question the panel on whether the objectives of the Socially Responsible Procurement Strategy address previous and newly emerging observations of how effectively the Council delivers arrangements for the Commissioning and Procurement of goods and services.

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 Socially Responsible Procurement Strategy 2022 - 2027
- (ii) Agree whether it wishes to relay comments, observations and make any recommendations for consideration by the Cabinet.

DAVINA FIORE

Director, Governance & Legal Services

12 October 2022