

CABINET

Date of Meeting	Tuesday, 22 nd October 2019
Report Subject	Review of Procurement Strategy
Cabinet Member	Corporate Management and Assets
Report Author	Chief Officer (Governance)
Type of Report	Strategic

EXECUTIVE SUMMARY

The Council spends approximately £198 million per annum on goods, works and services. The Procurement Strategy sets out the broader aims and ambitions, such as promoting the local economy, which the Council wishes to achieve from that spend. Whilst the Strategy runs from 2016 to 2021 there have been changes in the wider policy context that justify a review now.

Significant changes since the strategy was adopted are:

- 1) Welsh Government published, and the Council signed up to, the code of practice on Ethical Employment in Supply Chains;
- 2) Welsh Government has published Prosperity for All – A low Carbon Wales, committing the public sector to being carbon neutral by 2030;
- 3) The Council has revised its own approach to achieving social value from procurement with the adoption of a new social value policy earlier this year.

These changes need to be reflected within the procurement strategy and in the performance measures contained within it.

RECOMMENDATIONS

1	That the revised Procurement Strategy is adopted.
2	That further reports are brought back to Cabinet on the changes that are proposed to Procurement Strategy in order to reduce the Council's carbon footprint.

REPORT DETAILS

1.00	EXPLAINING THE PROCUREMENT STRATEGY
1.01	<p>The Council spends £198 million approximately each year on goods, works and services. Whilst the primary aim of that spend is to buy those goods etc. at the most cost effective price, the Council is able to achieve broader aims as well by how it directs that spend. The Council's current Procurement Strategy 2016 – 2021 seeks to increase the impact that spend has within the local economy by directing spend to businesses within Flintshire and more broadly within the geographical area of the Mersey Dee Alliance.</p>
1.02	<p>The strategy also seeks to gain additional value by seeking social value (previously termed community benefits) from every contract over £25,000 in value. The Council has recently taken a fresh approach to how it seeks to maximise social value and adopted a Social Value Policy in March 2019 that encourages officers to look more broadly and flexibly at how additional benefit can be derived from contracts for example:</p> <ul style="list-style-type: none"> • by restricting competition for a contract to charities or organisations operating protected workplaces; • packaging contracts so that they are attractive to and winnable by smaller, more local contractors; • scoring bidders for the social value they offer during the contract award process. <p>A programme of workshops for contract managers is being put in place to help them understand what to request and how to include it as part of the procurement process. The Council is also introducing a system to record that social value thereby ensuring and monitoring its delivery.</p> <p>That change of approach needs to be reflected in the Procurement Strategy.</p>
1.03	<p>There are other changes to the wider policy context that need to be reflected within the Procurement Strategy. In June 2018 Council signed the code of practice on Ethical Employment in Supply Chains published by Welsh Government. It adopted an action plan to ensure compliance with the code and many of those actions impact on procurement and thus need to be reflected in the Procurement Strategy. Progress against that action plan has been separately reported to Cabinet.</p>
1.04	<p>Another significant change in the wider context is Welsh Government's paper Prosperity for All – A Low Carbon Wales. This document commits the public sector to providing leadership on reducing mankind's impact on climate change by reducing its carbon footprint. Studies indicate that between 50% and 60% of an organisation's carbon footprint is generated through the goods and services it procures. Clearly therefore to achieve the challenging target of carbon neutrality within 11 years we will need to work with our suppliers to reduce their carbon emissions.</p>
1.05	<p>Welsh Government has already estimated baseline CO2 emission levels for all categories of procurement across Wales. It intends to develop tools</p>

	<p>and guidance that will enable the public sector to target and work with high emitting sectors to reduce emissions. As those tools and guidance are delivered the Council will be able to work with increasing confidence on reducing its carbon footprint through procurement. Such tools, for example, might include helping to judge which of 2 different proffered low carbon alternatives produces the least emissions, or a guide to accreditation schemes so that officers know which ones have the best focus on carbon reduction.</p> <p>There is also clear overlap between achieving carbon neutrality and the aims for benefitting the local economy. For example, by sourcing goods and services locally, the Council can benefit the Flintshire/Mersey Dee Alliance economy whilst also reducing the emissions from transportation</p>
1.06	<p>Work on reducing the carbon footprint from procurement will be happening simultaneously across all public organisations in Wales. It would be beneficial to develop a common approach sector by sector on how to specify low carbon alternatives for contracts and how to assess bids from suppliers offering proposed solutions. This will enable common standards to be set which will -</p> <ul style="list-style-type: none"> • increase their traction with suppliers; • reduce the compliance costs for suppliers thereby reducing their costs (and thus saving us money). <p>It is proposed that this work should therefore be undertaken through a partnership approach co-ordinated via the Public Service Board.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Revenue: there are no immediate implications for the approved revenue budget arising from this strategy for either the current financial year. The impact of the move to carbon reduction may be cost neutral or achieve a small saving.</p> <p>Capital: there are no implications for the approved capital programme for either the current financial year or for future financial years</p> <p>Human Resources: there are no implications for additional capacity or for any change to current workforce structures or roles.</p>

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT						
3.01	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>A strategic imperative to undertake ethical sourcing of goods and services with a reduced carbon footprint will have a positive impact.</td> </tr> <tr> <td>Prevention</td> <td>No impact.</td> </tr> <tr> <td>Integration</td> <td>No impact.</td> </tr> </table>	Long-term	A strategic imperative to undertake ethical sourcing of goods and services with a reduced carbon footprint will have a positive impact.	Prevention	No impact.	Integration	No impact.
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Prevention	No impact.						
Integration	No impact.						

Collaboration	The strategy will promote the use of collaborative purchasing with Denbighshire County Council and increased collaboration to achieve the low carbon aims.
Involvement	No impact.
Well-being Goals Impact	
Prosperous Wales	Local sourcing of goods and services will improve prosperity within Wales.
Resilient Wales	No impact.
Healthier Wales	No impact.
More equal Wales	No impact.
Cohesive Wales	No impact.
Vibrant Wales	No impact.
Globally responsible Wales	The revisions to the strategy will reduce the impact of Wales on the global environment.
The revisions to the Procurement Strategy will contribute towards the achievement of the Economy and Environment Priorities in the Well Being Strategy.	

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None.

5.00	APPENDICES
5.01	Appendix 1 – Proposed Procurement Strategy

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Ethical Employment in Supply Chains Cabinet Report Adopting Ethical Employment in Supply Chains Prosperity for All: a low carbon Wales

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Gareth Owens, Chief Officer Governance Telephone: 01352 702344 E-mail: gareth.legal@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	None.