

# Scrutiny Investigation Report

## Sustainable Procurement

Final Version 0.4

Commissioned by the Cabinet Member – Councillor John Wynn Jones

### Investigation Members

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## 1. Executive Summary

- 1.1 Delivering procurement activities in a responsible and sustainable manner while maximising opportunities to make the best possible use of the Council's expenditure in order to improve economic, environmental and social performance within the County is a priority for Gwynedd Council.
- 1.2 This is reflected in the Council's Strategic Plan for 2013/17. The Council's vision in the field of economy is to improve the opportunities for people to live, work and succeed locally in Gwynedd. One of the priorities within the field is to strengthen business resilience and to keep the benefit local. Procurement is a field the Council has influence over and at the moment, approximately 40% of the Council's procurement takes place within the County.
- 1.3 This Investigation was commissioned by the Cabinet Member for Economy and Regeneration to focus on the field of sustainable procurement and a brief was agreed that would look in particular at the suitability of policies; compliance with those policies; the impact of packaging work on contracts worth less than £50k; good practice in the field.
- 1.4 The following recommendations are made based on the findings of the Report:
  - i. **There should be agreement on the Council's ambition for the field of sustainable procurement and simple and clear policies and guidelines should be developed for staff to realise this across the Council based on good practice.**
  - ii. **Procurement arrangements should be developed that are suitable to deliver the Council's ambition in the sustainable procurement field and to ensure commitment to those arrangements on the highest level.**
  - iii. **Existing good practice should be built upon within the Council to identify more opportunities for services to collaborate on procurement and to maximise the potential benefits.**
  - iv. **A comprehensive register of all the Council's tendering opportunities should be established in order to ensure better overview of the field.**
  - v. **Suitable and meaningful measures should be developed in order to measure the financial impact of the Council's expenditure and the impact on Gwynedd residents.**
  - vi. **The training arrangements of staff involved with procurement should be reviewed to secure a full understanding of the commitment, active compliance and better identification of the opportunities available for the benefit of Gwynedd residents.**
- 1.5 During the Investigation, its proceedings became much broader as the members identified related matters, which in their opinion were key in terms of the quality of procurement in general but which also influenced arrangements for sustainable

procurement. Despite being outside the Investigation's original brief, the following additional recommendations are also submitted to the Cabinet Member:

- vii. The role of the Corporate Procurement Unit should be defined more clearly within the Council's procurement arrangements in order to secure the best from the resource and to strengthen the Council's procurement arrangements.**
- viii. It should be checked whether or not the Council's current devolved arrangements are the most suitable to realise the Council's ambition in the field**
- ix. A review should be undertaken of the use of the Welsh language within the Council's procurement arrangements in the context of the *Awarding Public Service Contracts and the Welsh Language* document and any recommendations should be included within the new Procurement Strategy and the Sustainable Procurement Policy and arrangements developed to monitor compliance.**

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## **2. Context**

2.1 The Council originally adopted a Sustainable Procurement Policy in 2006 and the [Policy](#) was subsequently reviewed in 2011.

2.2 The aim of the Policy is to

*Deliver procurement activities in a responsible and sustainable manner and to maximise opportunities to make the best possible use of the Council's expenditure in order to improve economic, environmental and social performance within the County.*

2.3 The Policy specifically aims to:

- Ensure that procurement activities are held in a way which enables the appropriate suppliers to compete for Council contracts.
- Reduce the environmental impact through better selection and use of goods, services and works.
- Ensure that value for money assessments are based on lifelong costs.

2.4 In looking at the general performance of councils it was seen that Gwynedd's performance in the field has increased and compares well with the majority of Welsh councils. However, there is room for improvement based on the better performance of other councils, such as Pembrokeshire County Council, Carmarthenshire County Council, Cardiff Council and Surrey County Council.

2.5 The concern of the Cabinet Member who is responsible for the field is that opportunities for sustainable procurement are being lost and that needless spending is taking place unless the Council's departments comply with the Policy.

2.6 Based on the abovementioned, a scrutiny investigation was commissioned by the Members to look specifically at this field.

## **3. Purpose of the Scrutiny Investigation**

3.1 Having accepted the Commission, the Corporate Scrutiny Committee agreed that the Investigation should look at the following matters:

- The suitability of the Sustainable Procurement Policy and current arrangements
- Compliance with the policy and arrangements
- The impact, in terms of packaging work, on contracts under £50k
- Identify good practice in terms of policy, within the sustainable procurement field internally and outside the Council
- Propose recommendations on how to improve the Council's performance in this field

#### **4. Main Activity of the Investigation**

4.1 The following were consulted:

- i. The Cabinet Member in the field of Economy and Community
- ii. Head of Strategic and Improvement Department
- iii. Two Corporate Procurement Managers
- iv. Sample of five officers who prepare tenders and their documents were observed
- v. A representative from a local consultant company who prepares tenders on behalf of the Council
- vi. Local suppliers, either face to face or via an on-line questionnaire
- vii. The Welsh Language Committee Co-ordinator.

4.2 During the investigation, the Keep the Benefit Local Project was established to realise the ambition of the Council's Strategic Plan in relation to procurement. The purpose of this project is to develop arrangements to target, stimulate and support the county's businesses in order for them to compete for the Council's expenditure contracts. Questions prepared by the Scrutiny Investigation Group on the field of sustainable procurement were incorporated within the departments' self-assessment arrangements and members were invited to observe at those self-assessment meetings.

4.3 An investigation of good practice in the field was undertaken also looking at the performance of other councils and a summary of this work can be seen in Appendices 2a, 2b, 2c and Appendix 4 Further Reading.

Based on 2012/13 data, 40% of Gwynedd Council's expenditure goes to businesses within Gwynedd. This is an increase of 3% since 2010/11 but continues to be lower than Pembrokeshire Council's 45% expenditure within the county in 2010/11. Figures for 2012/13 are not yet available.

4.4 There has been close consultation with the Cabinet Member who is responsible for this field, as well as both Corporate Procurement Managers throughout the investigation and they were invited to a number of meetings. The Corporate Scrutiny Managers also offered guidance to the Group on the various policies, arrangements and regulations in the procurement field therefore facilitating the Group to scrutinise independently.

It has already been noted that the Cabinet Member's concern for the Council's performance in the sustainable procurement field was the reason for this investigation. However, having looked at the data and received evidence, the Investigation's discussions expanded as members identified related issues which were in their view key in terms of the general quality of procurement and which influence sustainable procurement.

Consequently, the Investigation's main findings are more extensive than the original brief and they are presented here for the Cabinet Member's attention. In terms of presenting the report, the recommendations made against the scrutiny investigations and the other recommendations are presented separately to the Cabinet Member.

## **5. Reporting back to the Corporate Scrutiny Committee**

- 5.1 The Investigation appreciates that taking any action will be a matter for the Cabinet Member, however, they are eager for the Scrutiny Committee to receive a report in due course from the Cabinet Member on his response to the recommendations.

## **6. Findings in Accordance with the Scrutiny Investigation Brief**

### **6.1 The Suitability of the Sustainable Procurement Policy**

#### **Findings**

The Gwynedd Council Procurement Strategy 2008-11 clearly notes the requirement for services to adhere to the Council's Sustainable Procurement Guidelines in order to support services as they define and deliver sustainable requirements.

It became apparent during discussions that officers who procure within the Council generally agree with the general objectives of sustainable procurement, but that there is little awareness and knowledge of the Council's policies in the field and therefore practice is inconsistent across the Council.

Concern was expressed regarding implementing the procurement policy sustainably within general procurement regulations.

In addition to the above, the following points are noted:

- "Unaware of these guidelines but aware of tendering rules. Proceed with the tender work according to experience and tendering rules."
- Some services view the rules to be strict and that it is therefore difficult to implement this policy and that it is not realistic.
- The current policy has dated since the last review in 2011 and does not reflect the priority of Keeping the Benefit Local and refers to structures and practices that no longer exist.
- The transparency of some parts of the Policy was questioned and also the accessibility of the information about the policy and guidelines. "Have examined the Sustainable Procurement Policy and have obtained much information from the OJEU website which was fairly easy to access." "
- Members and officers expressed concern as to the difficulty of finding any information about procurement policies or the Corporate Procurement Unit on the Council's intranet to assist officers.
- The need to place greater emphasis within the document for officers on how to implement the policy in practical terms was highlighted, such as
  - including examples of wording that could be used for clauses within tenders along

with case studies

- better explanation of how to use different weightings to obtain the best contract for the Council

- clarifying the purpose of the Check Lists – whether they are for in-house checks use only or as evidence of performance measuring.

- Lack of clarity on the role of the Corporate Procurement Unit within practice guidelines.

#### **Source of Evidence**

- The Sustainable Procurement Policy and Guidelines
- Officers' Meeting
- Research into good practice - "Simple Steps to Environmentally Sustainable Procurement – Putting Policy into Practice", CLASP (Climate Change Local Area Support Programme)
- Sell2Wales website.
- Representative from a Consultant Company

#### **Recommendation to the Cabinet Member**

**There should be agreement on the Council's ambition for the field of sustainable procurement and simple and clear policies and guidelines based on good practice should be developed for staff to realise this across the Council.**

### **6.2 Current Arrangements**

#### **Findings**

**Gwynedd Council's procurement arrangements are delegated to services and arrangements and procurement practices within those services therefore vary greatly. Procurement capacity and skills also vary greatly within services and units.**

**The same pattern is reflected in sustainable procurement arrangements across the Council and as noted already with obvious differences in awareness and confidence in this field within services.**

- Services' awareness and use of the sustainability procurement check lists to assist them varies greatly
- Better awareness of Procurement Rules and thresholds
- Some departments and units are aware of social clauses and their use from others e.g. North Wales frameworks.
- There was successful use of the sustainable procurement tool for major contracts.
- "Found the large Checklist was more useful than the Sustainable Procurement Checklist."
- Evidence that some officers work according to experience and old practice.
- Some officers prepare tenders regularly but others do it much less often.



- Some Council departments use the more specialised skills of Gwynedd Consultancy and the Corporate Procurement Unit to prepare tenders.
- Some other departments outsource the work of preparing tenders to external consultant companies either due to the complexity of the matter and the specialism needed or as the company is preparing the entire tendering package on their behalf.
- One local consultant company receives only a very short brief orally for preparing tenders. "A verbal request only and it could all fit onto the back of a match box. There is a need for paperwork and specific working for Consultants/experts like us".
- The Welsh Government encourages Local Authorities to produce Procurement Frameworks and the Property Department is in the process of sending out three year frameworks to the Departments for electrical or plumbing work in schools. The Frameworks list the companies to be used for a period of 3, 5 or 10 years for different work.
- The Welsh Government also encourages Local Authorities to come together to set one large contract, for example, one company to supply computers to all authorities across Wales.
- More research is needed across services to look at opportunities to package the work.
- A suggestion that the Council adheres more strictly to European Union regulations as opposed to other authorities
- Need to promote good practice such as the example of three local companies coming together to win a tender.
- Procurement arrangements in other areas were considered. There is a central procurement arrangement in Surrey County Council and they spend around 90% locally. Cardiff City Council had followed a central procurement procedure such as the one in Surrey County Council, given their successes at keeping the benefit local. Pembrokeshire County Council and Carmarthenshire County Council have relatively central arrangements with officers within the departments.

#### **Source of Evidence**

- Meeting with officers who prepared tenders during 2012/13
- Procurement self-assessment meetings with the Council's main departments
- Representative from a local Consultant Company
- Research

#### **Recommendation to the Cabinet Member**

**Procurement arrangements should be developed that are suitable to deliver the Council's ambition in the sustainable procurement field and to ensure commitment to those arrangements on the highest level.**

**Existing good practice should be built upon within the Council to identify more opportunities for services to collaborate on procurement and to maximise the potential benefits.**

**A comprehensive register of all the Council's tendering opportunities should be established in order to ensure better overview of the field.**

### 6.3 Measuring Success

#### Findings

Current policy notes that the Corporate Procurement Unit collects data to assess the success of the policy but does not specify the measures.

Compliance with the Sustainable Procurement Policy is measured on grounds of the use of the Check Lists. However, it is not a requirement for services to send them to the Corporate Procurement Unit and consequently evidencing the success of the Policy is a challenge to the Unit and the work of finding the data is difficult in terms of time and effort.

Due to this ambiguity, the current measure does not fairly reflect the level of compliance.

- Lack of awareness of the Policy and the check lists inevitably leads to lack of compliance in general.
- The members have expressed concern as to how the Council measures compliance with the Policy due the lack of a comprehensive register of all tendering opportunities within the Council and no requirement for services to send the lists to the Corporate Procurement Unit.

#### Source of Evidence

- Meeting with officers who prepared tenders during 2012/13
- Procurement self-assessment meetings with the Council's main departments
- Cabinet Member
- Head of Strategic and Improvement Department
- Sustainable Procurement Policy
- The Council's Performance Management Measures

#### Recommendation to the Cabinet Member

Suitable and meaningful measures should be developed in order to measure the financial impact of the Council's expenditure and the impact on Gwynedd residents.

### 6.4 Staff Training

#### Findings

Staff's skills and confidence to operate within the sustainable procurement field varies in terms of capacity, frequency of practice, knowledge and skills.

- The policy encourages the Council's staff to undertake sustainable procurement training however training is not provided within the Council.

- A number of departments and units noted that they need more guidance, training and information in this particular field.
- “the internal procurement course is not sufficiently detailed especially given the type of work the Department is involved with”
- Procurement training has been included in the Council’s training matrix with Staff from the Corporate Procurement Unit holding sessions, namely ‘Basic Purchasing and Contracts’ and a pilot was undertaken of ‘Advanced Purchasing and Contracts’ in June 2013 which includes references to sustainable procurement.
- A number of officers note that they have not received any training recently.

#### **Source of Evidence**

- **Meeting with officers who prepared tenders during 2012/13**
- **Procurement self-assessment meetings with the Council’s main departments**
- **The Sustainable Procurement Policy and Guidelines**
- **The Council’s training matrix**
- **The Council’s training register**

#### **Recommendation to the Cabinet Member**

**The training arrangements of staff involved with procurement should be reviewed to secure a full understanding of the commitment, active compliance and better identification of the opportunities available for the benefit of Gwynedd residents.**

### **7. Other findings for the Cabinet Member’s attention**

#### **7.1 Role of the Procurement Unit**

##### **Findings**

**Reference has already been made to the Council’s internal procurement arrangements and the current delegated arrangements and the consequential variation in practice.**

**The Sustainable Procurement Policy refers many times to the role of the Corporate Scrutiny Unit in this field and asks services to seek advice from the Unit in order to “ensure that the opportunities are not missed and to avoid a risk to the Council in making financial mistakes or damaging its reputation.”**

**This advice is available from the officers within the Unit who possess specialist procurement skills and vast experience in the field. However the services’ use of this resource is very inconsistent and there is a lack of clarity on what their role entails.**

- A procedure of delegated procurement within the Council
- Some services and units work very closely with the Unit and benefit from their expertise

in the field.

- Other services are unclear as to what the Unit has to offer them
- The Corporate Procurement Unit is responsible for gathering data in order to assess the success of the policy
- The lack of a comprehensive register of all procurement opportunities within Gwynedd to facilitate the Unit's work
- Lack of awareness of the work and potential of the Unit's contribution across the Council.
- Very inconsistent use of the Unit across services and opportunities are being missed
- The capacity and skill to procure varies within services and is more vulnerable in some areas within the Council
- "think that there is a lack of legal assistance and feels that other councils receive better procurement assistance. "
- "want more assistance with procurement work and they are of the opinion that it would be better if the work was undertaken on their behalf."
- "there is good support available from the Corporate Procurement Unit."

#### Source of Evidence

- Meeting with officers who prepared tenders during 2012/13
- Procurement self-assessment meetings with the Council's main departments
- Mae'r Adrannau yn gofyn am arweiniad a hyfforddiant
- Cabinet Member

#### Recommendation to the Cabinet Member

**The role of the Corporate Procurement Unit should be defined more clearly within the Council's procurement arrangements in order to secure the best from the resource and strengthens the Council's procurement arrangements.**

**It should be checked whether or not the Council's current devolved arrangements are the most suitable to realise the Council's ambition in the field**

## 7.2 Use of the Welsh Language

### Findings

Concern was expressed from members during the investigation regarding the use of the Welsh language in the procurement field in general and this is mainly in two fields, namely

- 1 Lack of attention to the Welsh language in the Sustainable Procurement Policy.
- 2 The use of the Welsh language in the field e.g. in tender documents on the Sell2Wales website are all in English only.

The Welsh Language Board published **Advice under Section 3 of the Welsh Language Act 1993** in this field, namely *Awarding public service contracts and the Welsh language*. The purpose of the guidance is to offer advice and support in three fields, namely

- How to consider the needs of Welsh speakers in all aspects of contracting public services.
- Extending the services provided to Welsh speakers.
- Guidance for establishments to ensure value for money when procuring Welsh language services.

#### **Source of Evidence**

- **Sustainable Procurement Policy**
- **Welsh Language Board document – “Awarding public services contracts and the Welsh Language”**
- **Equality and Language Policy Officer, Welsh Language Committee Co-ordinator**

#### **Recommendation to the Cabinet Member**

**A review should be undertaken of the use of the Welsh language within the Council’s procurement arrangements in the context of the Awarding public service contracts and the Welsh language document and any recommendations should be included within the new Procurement Strategy and the Sustainable Procurement Policy and arrangements developed to monitor compliance.**

#### **Other matters for the Cabinet Member’s attention**

- To undertake an investigation to identify whether or not the Council receives the best value from consultative companies.
- To consider using the skills of qualified staff to prepare tenders rather than sending work out to consultants.
- Ensure that officers prepare a clear commissioning brief before any procurement process commences.
- Ensure a proactive support service for small companies by identifying procurement opportunities for them and awareness of the policy.
- Cyhoeddi cofrestr o holl gyfleoedd tendro’r Cyngor