

Report of the Director of Resources

Procurement Inquiry – 27th September 2021

Overview of Procurement - Resources Directorate

Purpose	This report provides an overview of procurement processes and activity within the Council's Resources Directorate as requested by the Panel
Councillors are being asked to	Consider the information given as part of the inquiry into procurement
Lead scrutiny Councillor	Councillor Chris Holley
Lead Cabinet Member	<ul style="list-style-type: none">• Cllr David Hopkins
Cabinet Member Impacted for Place directorate	<ul style="list-style-type: none">• Cllr Rob Stewart• Cllr David Hopkins• Cllr Andrea Lewis
Report Author	Chris Williams / Adam Hill

1.0 Introduction

- 1.1 This report provides an overview of the activity related to procurement within the Resources Directorate, with Finance – including our Audit function - and the Service Centre; Legal, Democratic Services and Business Intelligence; Human Resources; Communications incorporating both DesignPrint and Corporate, Health, Safety and Emergency Management, and Digital & Transformation Services being key components of the Directorate, in addition to Commercial Services' corporate procurement function.

2.0 A brief outline of the Directorate's procurement activities

- 2.1 The Resources Directorate provides a wide and varied range of services and support to departments across the Council, which in turn contribute to and support the Council's corporate priorities and which entail periodic procurement activity although it should be noted that the Directorate normally supports (through its commercial, legal and financial advice) procurement across the Council rather than being the direct delivery body for the Council's procurement activity.

The Resources Directorate plays a key role in the Council's spending architecture particularly it is responsible for both design and adherence to the Council's Contract Procedure Rules and the Financial Procedure Rules – the formal sets of rules, set out in the Council's Constitution,

that provide high-quality assurance frameworks for the use of public funds with our suppliers and service providers, and which provide both Members and Officers with a clear guidance for this area (and this role was covered in detail in the paper on procurement provided by Commercial Services for the Panel for its inquiry).

2.2 The following provides a summary of the range of procurement activities that are undertaken in the Directorate -

2.2.1 Legal, Democratic Services and Business Intelligence

- IT packages, software and equipment, legal case management
- services related to legal and coroner cases
- counsel, experts, health boards services and funeral directors

2.2.2 Finance and the Service Centre

- banking for the authority
- cash handling systems and services
- specialist IT systems to support payment and collection
- electronic payment terminals
- leasing of capital assets
- insurance cover for the authority
- pension fund administration and actuarial services (paid for by the pension fund)

2.2.3 Human Resources

- Learning support software
- provision of the cycle to work scheme
- external investigation services relating to HR

2.2.4 Communications

- Medical services and specialist equipment related to health and safety function
- print materials, equipment and external printing services as appropriate

2.2.5 Digital and Transformation Services

- IT systems including the core enterprise resource planning system and associated technical expertise (this a major on-going project as the Council moves to a cloud architecture)
- telephony, telecom, Wi-Fi services and robotic process automation (to free-up staff from easily automated processes)
- software e.g. our e-contract solution and anti-virus security

The above list whilst comprehensive is not exhaustive.

3.0 Ensuring probity, competence, consistency of approach and alignment with the Councils strategies and objectives in the Directorate

- 3.1 There is a combination of funding sources derived from capital sources and revenue funding, and each have their own processes for approval and alignment with the Council's strategies and Objectives.
- 3.2 Capital sources would be set out in the appropriate FPR7 reports as required under the council's financial procedure rules and these reports set out the alignment and implications and policy context.
- 3.3 Revenue funding sources are generally built into the council's annual budget approve by Council under each service area. Any variances would be reported via the usual Performance and financial reporting and or additional FPR reports.
- 3.4 The Housing Revenue Account is a ring-fenced account reported and monitoring separately.
- 3.5 Grant funding sources have their own approval process link which set out why the grant is needed and any subsequent implications.
- 3.6 Examples of policy alignment through procurement include:
- 3.7 Our Digital strategy and infrastructure programme supports the Council agile-working policy enabling Officers to work flexibly, and which has been invaluable in responding to the challenges of operating during the ongoing pandemic. Our cycle-to-work programme, led by HR, supports the Council's green agenda by providing a cost effective means for employees to purchase bicycles. Democratic transparency, for example, is supported by the use of the modern.gov software platform, which supports publication of Council decisions.
- 3.8 In terms of procurement routes this can be, as appropriate, both frameworks – such as those used to obtain additional legal expertise - or through bespoke tender activity, and this would include too the use of regional or national frameworks such as Crown Commercial agreements for technology services, or separate “sell2 wales” adverts.
- 3.9 Selection is by a robust process to ensure that the contractors are aligned with the Council's requirements. Supplier Suitability Questionnaires and a range of Quality questions are included in the tender process to ensure that contractors are aligned to the Council's requirements.
- 3.10 Close links with the Authority's Procurement section maintain consistency of approach and regular team meetings, feedback and lessons learnt sessions ensure that there is consistency of approach and that both issues and good practice are shared.

- 3.11 Ongoing liaison with the Commercial Services' Procurement Team for advice and use of the information, templates and tools available online via Staff-Net are utilised on a regular basis.
- 3.12 Dedicated buyers following all Procurement Rules, liaising with Procurement where necessary. All staff are aware of the process for raising or amending purchase orders. Suitable approval limits are in place based on contract value.
- 3.13 All projects are subject to both internal and external audit requirements.
- 3.14 The Directorate also contributes to the proper management of public funds by providing review of spend decisions for example:
- Digital Services with Commercial support the cross-check of any departmental IT spend to make sure it conforms to corporate standards and does not duplicate any existing provision:
 - Communications apply a similar role to any print or marketing activity to ensure synergy with corporate goals
 - Commercial Services assess spend requests against existing corporate arrangements to ensure coherence and best value
 - The approve process has been praised by WRAP Cymru for example as it also allows us to control environmental impact in the use of our resources

4.0 Responsibility for procurement, authorisation of transactions, separation of responsibilities for ordering and receiving goods / services and the capacity to contract

- 4.1 All directorate procurement activity is carried out against the framework of the requirements of the Council's Contract Procedure Rules, which dictate procedures and responsibilities relating to the procurement of goods and services. Engagement with procurement, finance and legal services takes place in line with these requirements or when advice is required.
- 4.2 Limits for officers are set out in the council constitution and/or formal delegation for which detailed records are kept in line with corporate requirements.
- 4.3 Separation of duties is a formal part of the Oracle ordering system, so one individual would never be in a position to order on their own. Even the smallest p-card transactions require authorisation and checking. In-team procedures are fully documented for each project.
- 4.4 Staff are aware that only senior management can enter into contracts as detailed within Council's constitution / contract procedure rules.

5.0 Cost effective and transparent procurement

- 5.1 The most important and broadly accepted principle underlying a modern procurement system is that it should be carried out in a fair and transparent manner, with open competition, and be subject to examination and review.
- 5.2 The Council employs a robust set of Contract Procurement Rules designed to enable cost effective and transparent procurement.
- 5.3 The setting up of frameworks, rather than utilising open tendering gives the opportunity to speed up processes and to achieve long term cost savings.
- 5.4 Where there is no suitable framework in place, a robust procurement exercise is carried out via Sell2Wales taking into account cost, quality and contractor suitability. Tenders received are compared against budget and similar schemes to ensure cost effectiveness
- 5.5 All tenderers are notified of the outcome and offered feedback on their tenders to engender a culture of continuous improvement
- 5.6 All decisions are noted and filed for future reference in line with the Council's document retention policy. Team involvement / discussion in process takes place where applicable including engagement of Procurement for advice/ support.

6.0 Ensuring that the Directorate is procuring locally, ethically and that procurement activities align with the Wellbeing of Future Generations Act

- 6.1 The directorate supports the corporate well-being goals through its mainstream support activity and as noted above there are a number of policy goals and related activity e.g. green transport /cycle to work which contribute to such goals, however the majority of major Council spend takes place within other directorates (social services, education and place), and the Panel will have reviewed such Directorates' responses for this area, which are supported by our corporate teams in the Resources Directorate, for example through our corporate procurement team, Finance Service and our Legal and Democratic Service.
- 6.2 Our pension fund selects providers based on consideration of ethical, environmental and social governance commitments for example, but it is important to note that we have a legal duty to deliver value for pension scheme members and this can lead to a balancing act regard to investment types, however we are committed to a significant divestment of holdings related to fossil fuels.
- 6.3 Where the Council seeks to make any changes in its activity an *integrated impact assessment* is undertaken and this will provide a

detailed analysis of our decision-making against the Well-Being of Future Generations Act, supported by the Resources Directorate.

6.4 Council procurement terms and conditions ensure that suppliers note their conformance to our obligations in respect of :

- Modern Slavery
- Equal Opportunities
- The Welsh Language
- Safeguarding

Tendering contractors are also required to address compliance with the above requirements within their tender submissions.

6.5 Our SSQ (Supplier Suitability Questionnaire) covers such items as Fair Trade and Modern Slavery. All SSQ questions sanctioned/checked by Central Procurement. The council may also holds “meet the buyer” events to encourage local engagement on main contracts and for subcontracts.

6.6 Suppliers from within Swansea and Wales include those for:

Medical services, legal services and occupation health are often sourced in our area, but for example in financial services and IT these markets may operate on a UK basis.

7.0 Ensuring the Directorate’s procurement activities comply with the general Equalities Duty (as specified in Equality Act 2010 – Public Sector Equality Duty for Wales 2011)

7.1 Taking equality into account at an early stage in the procurement process can help to ensure that goods and services procured are fit for purpose, and are able to contribute to cost reductions in the long run. The Equality Act 2010 requires purchasers to ensure that they do not unlawfully discriminate in the provision of goods or services.

7.2 Reference to, and required compliance with, The Equality Act 2010 is embedded in all the department’s tender documentation and frameworks

7.3 Procurement briefs are designed around corporate templates that ensure specific coverage of these points, which are also followed through into the design or works.

7.4 For larger projects project leaders link in with the Access to Services Team for support and advice and if necessary engage with the local access forum and/ or their representatives. IIAs are also actioned for projects requiring Cabinet sign off (please see paragraph 6.3).

8.0 Staff Training provision on procurement matters

- 8.1 A robust staff training and development programme will ensure that all staff have a consistent experience and background knowledge. A training programme leads to the strengthening of those skills that each employee needs to improve, whilst a development programme will bring employees to a higher level, so that they are all working at a similar skillset.
- 8.2 Staff have received Framework 'User' training from the Framework Manager with further training from Procurement Team scheduled at regular intervals, together with circulation of CPR & other procurement-specific updates/amendments as and when available
- 8.3 Initial 'new starter' training is provided on CPRs and other Procurement processes, with regular updates as and when requirements change. Staff members can also refer to the Procurement Guide for Council Staff. Peer to Peer mentoring on CPRs and procedures for tendering, evaluation and award ensures that experience and knowledge is shared across the team with support for the Council's procurement team available as required.
- 8.4 Senior managers who undertake procurement are fully conversant with CPRs and assessed for issues as part of the regular Senior Management Review Process. If there are any general queries, advice is sought from Procurement.
- 8.5 Regular audits play an important part in ensuring procurement is conducted effectively are conducted throughout the Directorate and any feedback in recommendations are followed through to ensure any improvements on matters including training are delivered

9.0 Ensuring compliance of joint procurement activities

- 9.1 Where any joint procurement activity occurs that then the lead public body will quality assure the procurement process and then our internal services will also sign-off an the agreement before Council Officers proceed, so for example in the case of the Welsh print services framework for the lead body is the Welsh Government who would run the procurement exercise apply the relevant law (the UK Public Contract Regulations).
- 9.2 The Authority is also able to enter into direct agreements with other Authorities, and these would be subject to appropriate internal due diligence via our Legal Services.
- 9.3 Service Level Agreements are used to map and manage agreements with other parties, for example we work with the NHS to obtain health board services.

10.0 Monitoring procurement activity especially ongoing contracts or service level agreements and enforcement of requirements

- 10.1 In order to drive Continuous Improvement it is of paramount importance that procurement activities are monitored and performance controlled by the recording of data, measuring performance against expectation, making any necessary changes or amendments and reporting on the outcomes.
- 10.2 Procurement activity and performance is monitored regularly via regular meetings and tracked against project programme to ensure targets are delivered/milestones achieved.
- 10.3 Regular checking of the “contract register”, contact with the corporate procurement section and running reports on supplier spends assist in the monitoring of procurement activity.
- 10.4 Where the procurement method is via a framework, a Framework Manager will be appointed to monitor the ongoing spend against that particular framework. Both the Framework and the call off contract contain legally binding terms and conditions outlining both the contractor/supplier’s and the client’s obligations. Failure to adhere to those obligations could lead to damages being imposed against the contractor/supplier for non-performance or breach and ultimately being removed from the framework or termination of employment under the call off contract
- 10.5 Most companies are keen to work with the Council and want to maintain a good working relationship.
- 10.6 The system in place of producing requisitions for the Buyers to order the goods /services ensures probity.
- 10.7 As an example of this approach, for our MFD contract (Council printing, copying and scanning devices) a quarterly service review includes receiving and analysing a service update, focus on specific strands of activity e.g the print room (large-scale printing) and education issues, a review / discussion re any proposed changes, and then agreeing detail and actions for the next performance review meeting.

11.0 External auditing of Directorate’s procurement activity

- 11.1 Whenever funding is provided to the Council by external organisations for particular schemes or projects, there is an expectation that the funding will be used for the purposes provided. The audit process ensures that those requirements are met and that the procedures used within the procurement process are robust.
- 11.2 Our procurement activity is regularly audited by the Council’s in-house audit team.

11.3 Where projects receive external funding from Welsh Government or EU funding sources they are routinely audited before during and after. More so with EU funded schemes, but good practice is followed on all schemes, and Corporate Procedure Rules are always followed to ensure future compliance checks can be met. Compliance with funder's practices which may be externally audited is therefore necessary.

12.0 The effect of leaving the European Union on the Directorate's procurement activities

12.1 Some issues have been encountered with regard to the availability of IT equipment (e.g. laptops), but at this time there has been limited impact to the Directorate although as Panel members will be aware there has been an impact on the Council in general, but there are also other issues impacting at the same time including the pandemic's impact on supply chains, which are being monitored by an internal group on this matter convened by the Leader.

13.0 Improving on the Councils procurement practices

13.1 The Council has developed a robust and detailed set of Contract Procedure Rules for use in its procurement activities and these provide a solid base for procurement activity. There is always an opportunity for further self-evaluation and improvement by learning lessons from current best practice and peer organisations and in this regard the Council actively takes part in relevant fora to share innovation including in the WLGA's national procurement network, which includes representation from both the Future Generations Commissioner's office and Welsh Government.

13.2 The Council are members of the Swansea Major Employers Forum which brings together the DVLA, the Swansea Bay University NHS Board and our Universities, and we have agreed to a joint forum that would engage with businesses across the city to explain 'how to do business' with us as part of our response to the pandemic, and we are planning an on-line/ video-based activity this autumn, based on the Council's supplier guide, considered a model of good practice - [Selling to the council: a guide for suppliers - Swansea](#).

13.3 In terms of key issues for development the Directorate is considering expanding the level of training and support for staff and is currently working with the Education Director for example to specially target schools and develop a capacity building programme.

13.4 The recently introduced e-contract system has been very well received, and resulted in a paper saving of some 23,000 pages in one year – we are seeking further innovation in this area, with research on-going with the Welsh Government, and that progress will likely dovetail with the proposed procurement rules reform (noted below).

- 13.5 Policy relating to procurement is a period of significant change with a reform of the UK Public Contract Regulations having been signalled that may allow more flexibility for the Council to consider, for example, enhanced social value criteria. The Commercial Services area is currently supporting a pilot programme into this matter and this is a key area for further development (including further support for local businesses), so the Council will continue to expand its focus on this area and report on the outcome of the pilot in due course. Value criteria have expanded from the traditional price / quality matrix to adding issues of sustainability and or local suppliers and other local impact, and this work will be further supported and developed.
- 13.6 As noted in earlier papers the Council's combined procurement programme is substantial – Swansea has for example one of the largest capital programmes in Wales - and from a corporate perspective the Directorate will ensure adequate support is provided to all staff and projects across the Council to ensure their successful outcome for the benefit of the residents of Swansea.