



Report of the Head of Commercial Services

Climate Change Corporate Delivery Committee – 20 February 2023

Procurement and the Net Carbon Zero Agenda

| | |
|------------------------------------|---|
| Purpose: | This report provides an overview of procurement and its development activity in relation to the Net Carbon Zero agenda |
| Policy Framework: | Climate Change & Nature Recovery Strategy |
| Consultation: | Access to Services, Finance, Legal. |
| Recommendation(s): | The Committee is recommended to endorse the direction of travel and make any further suggestions as to the future areas for investigation |
| Report Author: | Chris Williams |
| Finance Officer: | Ben Smith |
| Legal Officer: | Debbie Smith |
| Access to Services Officer: | Rhian Millar |

1. Introduction and background information on procurement

- 1.1 Procurement is often defined as the activity of acquiring goods and services. The procurement process spans a life cycle - from identification of need, through to the selection of suppliers, and then their contract management through to successful delivery.
- 1.2 The Council spends approximately £250 million a year on a diverse range of goods, works and services from external partner organisations. Examples of spending include on home care, homelessness support projects, energy and utilities, software and IT solutions, vehicles, catering products, building works and road repairs.

2. Procurement Rules and Regulations

The activity of public procurement takes place within stringent rules and regulations, for example:

- 2.1 Public sector procurement is a highly regulated activity, i.e. governed by legislation enforcing statutory obligations, particularly via the UK Public Contract Regulations (PCR) 2015. If the Council were to breach these regulations then suppliers could seek recourse against the Council in the courts (an internet search will yield numerous examples of this in the public sector) which would then affect public perception of the manner in which Council business is conducted as well as – in the event of a successful challenge – the need to pay a financial penalty. In brief, the Council is obliged to conduct open and transparent and proportionate procurement processes for our Council needs acting with integrity and seeking to ensure a level playing field for all potential suppliers.
- 2.2 On the 1st January 2021, the United Kingdom exited the ambit of the European Union's rules, but it is important to note that UK procurement regulations (which are derived from our membership of the EU) still exist in UK law today. There is currently a UK-level review of the laws relating to public procurement, but at this time it is not clear what changes will occur and the implementation date of any new law is unlikely to happen until early 2024. The Welsh Government is also considering this matter as it has the legal power to act on a Wales only basis, and it is noted as one of the key priorities of the new Welsh Government administration. Whilst the UK has now left the EU it has instead now joined the World Trade Organisation as a direct member in its own right, and that membership also brings with it the requirement to openly publish our tender opportunities, so it is likely that the general ethos of public procurement principles as we know them today will remain.
- 2.3 In addition to adhering to the statutory UK Public Contract Regulations the Council is also obliged to publish its own standing orders relating to control of spending and this document is known as the Contract Procedure Rules which is a core part of the Council's Constitution, this document having been reviewed and agreed by the Council's Constitutional Working Group and full Council, and for further detail please see:

<https://democracy.swansea.gov.uk/ieListDocuments.aspx?CId=546&MIId=7394&Ver=4&Info=1&LLL=0>

3. Procurement Functions

- 3.1. Given the above key elements of Commercial Services' work includes –
- 3.2. Ensuring compliance with the Council's Contract Procedure Rules on all procurement activity undertaken, and ensuring the principles of openness, transparency, equal treatment and proportionality are followed, and ensuring the legal requirements of relevant legislation including the UK Public Contract Regulations.
- 3.3 Ensuring that value for money is achieved and purchasing power is optimised between quality and cost.

- 3.4 Assessing the procurement requirement and providing commercial advice on the most cost effective, compliant and appropriate route to market.
- 3.5 Development of a forward work plan for all planned and forthcoming procurement activity.
- 3.6 Attendance at required meetings, forums and working groups where procurement is required to attend.
- 3.7 Undertaking spend analysis, utilising the spend tool, to ensure maximum buying power is achieved.
- 3.8 Advertising and publishing of the contract requirement within the Find a Tender Service (FTS) and or Sell2Wales.
- 3.9 Administration of the tender once published via eTenderWales which includes the management of supplier clarifications received and liaising with the relevant Officers to ensure clarifications are responded to effectively.
- 3.10 Negotiate with tenderers as appropriate, manage the contract award process and issue the required contract documents in consultation with Legal Services.
- 3.11 Provide training on specific elements of procurement or for when legislative or policy changes need to be communicated to end users.
- 3.12 Attendance and input in to Supplier development and awareness days in conjunction with Business Wales or other partners.
- 3.13 Analysing the market, research options and consult with users to clearly define the requirements. Conducting any necessary market engagement where necessary in conjunction with Business Wales or other partners.
- 3.14 Maintaining the Council's corporate contracts register so we can assess and review spend and supplier relationships, which also acts as a base document to ensure compliance and for audit purposes.
- 3.15 Supporting the Corporate Safeguarding Group and having a lead Officer on the group to advise on contracting and safeguarding. Work has been completed on drafting a Contractors Safeguarding Policy which is included within all procurement documents.
- 3.16 Supporting and leading on the implementation of Welsh Government's Ethical Employment in the Supply Chain Code of Practice.
- 3.17 Supporting a wide variety of Corporate Working Groups including Climate Change, City Centre Regeneration, More Homes and the Council's People Commissioning Group, plus many more.

- 3.18 Support for the local area including its economy by considering where applicable economic, environmental, social and cultural benefits in contracts where appropriate, and improving access for SME and the voluntary sector to do business with the public sector. This is a growth area and has been prioritised by Cabinet.

4. Sustainability and the Net Carbon Zero agenda in our contracts

- 4.1 The Council is committed to achieving Net Carbon Zero, and there are already multiple examples of such matters and the Council's environmental impact being considered in our commercial activity.
- 4.2 There are two key ways in which reducing our impact on the environment may be achieved -
- at the specification stage, e.g. specifying the need for an electric vehicle over a diesel vehicle.
 - or alternatively by adding quality marks which reward a company's carbon reduction activities. This second element is new and being explored by the Welsh Government and the WLGA to understand the best way that this might be achieved.
- 4.3 Examples of Council procurement activity that support the Net Carbon Zero agenda include:

Electric Vehicle Charging Infrastructure

A tender process was conducted and contract awarded for the installation and maintenance of electric vehicle charge points at 13 car parks within Swansea. The contract includes the option to install an additional 15 EV charge points at other locations - subject to funding.

Installation of Solar Panels at Schools

Appointment of a partner organisation to install solar panels at school sites.

Initial award of contract was at 7 school sites:

- Pentrehafod School
- Pontarddulais Comprehensive School
- Gowerton Secondary School
- Bishopston Primary
- Glyncollen Primary School
- Portmead Primary School
- Sea View Community Primary School

More Homes – Corporate Building Services

This is a large scale multi-million pound investment project with multiple strands, e.g. a tender process was conducted and contract awarded for the installation of solar panels. Energy efficiency has been a key element of the programme and a live process now is for

renewable energy items, such as items related to solar panels including batteries, inverters and the panels – with funding via the Welsh Government. Please see attached Appendix 1 for further information.

Dedicated Pool Car and Car Share Services

A full tender process was conducted and initial 3 year contract awarded for the provision of an online booking system to support the provision of a dedicated pool car and car share service, principally in support of Domiciliary Care service provision. A subsequent invitation to tender has been issued for the supply of up to 20 fully electric pool cars.

Electric Vehicles

Contract for the supply of up to 50 battery electric vehicles - The provision of a range of fully electric small and medium panel vans. Contract for the outright purchase of two fully electric road sweepers. Contract for the outright purchase of a fully electric refuse collection vehicle.

Hybrid Vehicles

On occasions when Hybrid options are necessary the minimum requirement within the specification is for a Euro 6 (Emission Standard) Vehicle engine. In addition (where appropriate) specific scored environmental and carbon emissions quality questions form part of scored evaluation and subsequent supplier selection. Examples include questions related to Co2 emission figures and combined fuel economy (miles per gallon).

Bus Shelter Installation/Maintenance and Advertising Contract

A tender process was conducted and initial 15 year contract awarded for the installation and maintenance of bus shelters (which includes advertising screens) and the requirement for an initial 10 bus shelters with “green / living grass” roofs. A scored quality question was included during the tender process on sustainability, innovation and future proofing. For example, use of high efficiency long life LED lights, high efficiency power supplies, only using aluminium, stainless steel and mild steel which are fully recyclable, use of long life anodised aluminium (typical 40yrs) reducing the need for plant based paints and minimal use of plastic materials. Further carbon reduction measures were provided in their manufacturing process, transportation, site locations and installation process.

IoT – install a series of LoRaWAN (low power wide area network) gateways, sensors, associated equipment.

Investing in the IoT will provide significant potential for transformation to numerous services which in turn will see improved public services. These could include, and are not limited to: -

- Smart Places/Towns/Cities (Placemaking, public realm design, footfall counters, traffic management, talking bins, air quality,

- streetlights, parking sensors etc.)
- Environmental Applications (waste, flooding, weather monitoring, cycle paths, public footpaths, Gates, etc.)
- Agriculture (Crime reduction, asset tracking, soil monitoring, livestock monitoring etc.)

This contract is part of the Mid & West Wales Internet of Things Project which will see investment in smart technology across the region which will have a positive impact on public services, budgets and the environment.

E-contract digital solution – moving away from paper-based contracts in the Council to a new digitally certified solution that is recognised by the legal profession has also contributed to this agenda, for example some 23,000 pages of paper have been saved through this approach in one year.

5. Next steps and the development of this agenda

5.1 As noted in 4.2 there are several ways in which the Council may expand its focus on this work and these avenues are being considered in line with the following Cabinet objectives that have been agreed:

- the Council's approach to social value, biodiversity and natural environment be further integrated in line with their key principles and with the Council's pilot programme reviewing this matter
- investigate how a contract's carbon footprint can be measured, working with the Welsh Government to develop such a tool
- increase the use of nature-based solutions where appropriate

5.2 The Council has commenced its own pilot programme to review how we may further expand the work that we do in this important area and thus contribute to the Council's climate change agenda - please see APPENDIX 2 which is a draft 'social value recording tool' and is based on discussions with colleagues across the Council and designed to facilitate and enhanced focus on social value in contracts and provide a format for capturing and recording good practice and to deliver commitments made in the Council's Net Carbon Zero plan.

5.3 There are three pilot projects currently testing the social value tool, namely – the Parks Service framework for playground equipment; Corporate Building Services' project for Ysgol Gyfun Gymraeg Bryn Tawe - a school refurb and new build project, and Social Services housing support programme / framework renewal.

Further detail on the pilot will be provided at the meeting by the Officers attending referencing Appendix 3.

It is intended, once the pilot is complete, that the tool will be used for all contracts above £1m value in phase 1, and then expanded further once fully tested and established.

- 5.4 In addition to the pilot project noted above there are a number of other areas in development that will contribute to this important agenda including:
- 5.5 Training has been provided for Councillors, officers and suppliers on the Net Carbon Zero agenda.
- 5.6 The WLGA is finalising a toolkit on the Net Carbon Zero agenda – due imminently and it is expected that this resource will contain further innovation and best practice that can be applied in line with 5.3.
- 5.7 The WLGA and Welsh Government are planning a specific event in South West Wales looking at carbon reduction matters in the supply chain and for the development of best practice in this area, specifically the matters noted in 4.2.
- 5.8 There are new UK Public Contract Regulations expected this year; our trajectory does map to this legislative reform, but as yet full detail has not been published, however it is expected that the Net Carbon Zero agenda will be a priority of the planned reforms.
- 5.9 As Councillors will be aware a new food policy is in development for Swansea, which is also considering the above matters and agenda, and which also will then relate to required procurement outcomes including opportunities for local sourcing where appropriate (taking into account key requirements of the quality and timeliness of the service / food products in question and the critical nature of the supply arrangements).

Local supply chain development is a key focus for Swansea (see for example the detail within Appendix 1 and its development); when assessing such impact it could be seen that some £100m of annual spend was linked with local employers and a further £90m was spent within the rest of Wales.

6. Integrated Assessment Implications

- 6.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

6.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.

6.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

6.2 An IIA Screening Form has been completed with the outcome that a full IIA report was not required (IIA form appended):

No negative impacts are foreseen rather the strategic direction noted is a positive endorsement of the Well-Being of Future Generations Act - future actions arising and their associated decisions will themselves be subject to the relevant framework for Cabinet decisions.

7. Legal Implications

There are no specific legal implications arising as a result of this report.

8. Financial Implications

There are no specific financial implications arising as a result of the report. All procurement activity undertaken by the Council must comply with the Council’s financial rules and each project will have its own financial implications assessed as part of that process, in line with the Council’s governance procedures.

Background Papers: None.

Appendices: Appendix 1 – More Homes
 Appendix 2 – Social Value Recording
 Appendix 3 – Method Statements
 Appendix 4 – IIA Form