



Swansea Bay City Region Joint Committee – 12 November 2020

## Swansea Bay City Deal Procurement Principles

<b>Purpose:</b>	For Joint Committee to consider the final draft of the Procurement Principles for SBCD project procurement
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Consultation:</b>	Programme Board Regional Local Authorities
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Approves the final draft Procurement Principles for SBCD project procurement
<b>Report Author:</b>	Peter Austin (SBCD Business Engagement Manager)
<b>Finance Officer:</b>	Chris Moore (SBCD S151 Officer)
<b>Legal Officer:</b>	Tracey Meredith (SBCD Monitoring Officer)

### 1. Introduction

- 1.1 Following concerns in some quarters regarding the transparency of public sector procurement and its perceived lack of benefit to regionally based suppliers, it was agreed that the Swansea Bay City Deal (SBCD) would review its procurement activities.
- 1.2 It was agreed by Programme Board that a set of Procurement Principles should be drafted for the SBCD projects.
- 1.3 It is accepted that public sector procurement is bound by the UK Public Contracts Regulations 2015, the Wales Procurement Policy Statement 2015 and the European Public Contracts Directive 2014/24/EU, as well as the procurement policies of each Local Authority.



- 1.4 The Procurement Principles encourage SBCD project teams to take a fresh look at the way works, goods and services are specified and procured, so that the maximum economic, social and environmental benefit to the region can be achieved from the process.
- 1.5 Where SBCD project procurement is undertaken by an organisation other than a Local Authority lead body, those organisations are requested to consider how the Procurement Principles can be aligned to their own procurement policies.
- 1.6 Given the role of the City Deal in aiding regional economic recovery post Covid-19, it is imperative that all City Deal procurements are open to regionally based suppliers wherever possible.
- 1.7 The Procurement Principles extend beyond the initial construction phase and, where appropriate, apply to the operational service of the assets when built.

## **2. Background**

- 2.1 A period of consultation, undertaken over the past 18 months, has led to the drafting of the Procurement Principles. Consultees included construction industry representatives, Welsh Government officials, local authority legal and procurement officers, and SBCD project leads.
- 2.2 In August 2019 the Economic Strategy Board (ESB) led a workshop for representatives of the construction industry and business organisations. Key messages from this workshop were the need for:
  - Effective communication and advance notification of forthcoming procurement notices
  - Fair treatment of the supply chain by Tier 1 contractors
  - Large contracts to be broken down in order that regional contractors could tender for work
- 2.3 The draft Procurement Principles have been considered by the Economic Strategy Board, who have advised that projects should use procurement to achieve regional supply chain growth and net carbon zero targets.
- 2.4 The ESB are especially keen to see projects working together on collaborative purchasing, where economies of scale make this more beneficial commercially and as a benefit to the regional supply chain.
- 2.5 The ESB have recommended that the Procurement Principles be presented to Programme Board and Joint Committee for consideration and approval, with subsequent implementation across the SBCD portfolio of projects.
- 2.6 The draft Procurement Principles were first considered by Programme Board on 19th May 2020, where it was agreed that the Principles should be shared with legal teams across the region for their consideration.
- 2.7 All SBCD Local Authorities replied with constructive comments that have been incorporated in an updated draft document. Comments were varied but the general focus was on three main areas.

- Firstly, In relation to the balance of requirements on Tier 1 suppliers and how, as written, they might disadvantage lower tiers.
- Secondly, Concern about the requirements for carbon offset being part of the scoring process when using existing frameworks.
- Thirdly, Recognition that some projects are at a more advanced stage than others.

2.8 The appended version of the Procurement Principles addresses the above concerns and acknowledges that the Procurement Principles cannot be retrospectively applied to previous procurements.

2.9 The amended Principles were re-presented to Programme Board on September 24<sup>th</sup>, 2020, and Programme Board have recommended that these Procurement Principles now be considered by Joint Committee for approval.

### **3. Financial Implications**

3.1 There are no financial implications associated with this report.

### **4. Legal Implications**

4.1 Legal officers have been consulted on the final SBCD Procurement Principles document. Separate legal advice should be sought regarding any procurement issues relevant to the projects in order to comply with procurement legislation.

### **5. Alignment to the Well-being of Future Generations (Wales) Act 2015**

5.1 The SBCD Portfolio and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

**Background Papers:** None

**Appendices:**

Appendix A - Final Draft Procurement Principles