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| To: | Cabinet |
| Date: | 09 February 2022 |
| Report of: | Scrutiny Committee |
| Title of Report: | Climate Emergency Review Group Update |

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| Summary and recommendations | |
| Purpose of report: | To present Scrutiny Committee recommendations concerning the Scrutiny-requested update on changes to the Procurement Strategy. |
| Key decision:  Scrutiny Lead Member: | No  Councillor Liz Wade, Chair of the Scrutiny Committee |
| Cabinet Member: | Councillor Ed Turner, Deputy Leader and Cabinet Member for Finance and Asset Management |
| Corporate Priority: | All |
| Policy Framework: | Council Strategy 2020-24 |
| Recommendation: That the Cabinet states whether it agrees or disagrees with the recommendations in the body of this report. | |

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| Appendices |
| None |

# Introduction and overview

1. At its meeting on 18 January 2022, the Scrutiny Committee received a presentation on the Council’s current Procurement Strategy and its current thinking on potential changes when it is refreshed.
2. The Committee would like to thank Annette Osborne, Procurement Manager, for attending the meeting to make the presentation and to answer questions.

# Summary and recommendation

1. Annette Osborne explained to the Committee that the Council’s Procurement Strategy is currently under review, with a view to seeing it refreshed. A number of the amendments under consideration included the embedding of social value within commissioning and procurement decisions; tailoring the national TOMs (themes outocmes and measures) framework for local use, so called Ox-Toms; taking greater account of environmental impacts; strengthening GDPR; contract management: and fostering an inclusive economy through Community Wealth Building.
2. Although the entirety of procurement, and how the Council purchases services is a wide topic, the large majority of the discussion focused on understanding and exploring different aspects of social value within procurement and community wealth building. On these topics, which have significant cross-over with one another, the Committee makes six recommendations which pertain to good practice which can be learnt from elsewhere, broadening the Council’s progressive procurement agenda locally, and specific policies.

# Learning from Good Practice

1. The Council is itself a leader in the area of social value in procurement. In a recent benchmarking exercise the against Croydon, Stoke, Southampton and Birmingham councils,[[1]](#footnote-1) Oxford outperformed or equalled these comparators, with 62.5% of its money being spent locally, scoring well above central government’s target of 33%. This is not to say, however, that the Council cannot learn from other high-performing councils in this space. It is noted that the Council has previously contacted Preston Council, a particularly high-profile council concerning community wealth building, and has not received responses. Nevertheless, the past is not necessarily a predictor of the future, and the council could well receive helpful input from other pioneering councils also. As such, it is recommended by the Committee that the Council seek the views of these councils for comment as part of their consultation on the new Procurement Strategy.

**Recommendation 1: That the Council contacts pioneering community wealth building councils for comment as part of its consultation on updating its Procurement Strategy.**

1. One particular aspect of Preston’s approach which the Committee is keen to highlight is its transparency over how social value weightings in contract tenders are decided prior the contract being advertised. It is completely right that there should be flexibility within contracts to tailor them to ensure their primary outcomes are delivered. Weightings between price, quality and risk can all be amended between contracts, and so too should social value.
2. What the Committee is keen to see is that this flexibility is maintained, but that the Council is open to its electorate, to potential suppliers, other anchor institutions in the city, and interested local authorities who may be looking to emulate Oxford over how variations in social value weightings are arrived at and the guiding principles which influence a contract’s final social value weighting.

**Recommendation 2: That the Council publishes a description of the principles of that determine its social value weightings in contract tenders.**

1. The following point is largely the opposite side of the point above. Yes, the Council should have flexibility in its contracts, but at the same time that flexibility ought not to diminish or sacrifice its commitment to achieving social value. It is important that the Council knows that the weightings it uses are sufficient to develop additional social value above what would have accrued if those weightings had not been applied. It is difficult to measure this precisely; it is reasonable to expect that the mere presence of a social value weighting will encourage companies to provide more than they would otherwise. Nevertheless, the Committee feels that monitoring of how often social value weightings change procurement outcomes would be a reasonable proxy and provide a sense of whether the current weightings do make a tangible difference. This is likely to be of wider interest, so it is suggested that the outcome of this monitoring is reported on a regular basis.

***Recommendation 3: That the Council* monitors and reports on how often social value weightings change procurement outcomes.**

# Broadening Local Impact

1. One of the key steps identified by Preston in their success is identifying and working with other anchor institutions in the local area. This is an area which the Council is already taking a lead on, with procurement officers looking to develop in consultation with other key local stake holders the OxTOMs framework. The Committee welcomes the work undertaken to date, but does wish to underline its continued importance. A shared approach to social value locally amongst anchor intuitions would make it far more resource-effective for local firms to invest time in understanding and developing an offer to meet this single social value framework than a patchwork of differing schemes. The Committee would like to see this work progressed, therefore, as a matter of priority.

***Recommendation 4: That the Council continues, as a matter of priority, to work with anchor institutions locally to develop a shared approach to procurement that enriches the local economy.***

# Specific Policies

1. As referenced above, social value is but one of a number of elements weighed when selecting between competitors for a contract. Amidst the financial challenges the Council faces, value for money is clearly a very important consideration. However, the Committee is keen to stress that ‘value for money’ can be determined in multiple ways and is not necessarily synonymous with ‘cheapest’. In October 2019 the Council passed a motion in support of adopting a community wealth building approach to its procurement. Within community wealth building there are multiple additional considerations to simply absolute cost: whole life cost, returns on good value (such as longer durability of items purchased) investment in the local labour force, avoiding surplus leakage, and indirect costs associated with lengthening the supply chain. The Committee seeks assurance that the Council will seek value from its suppliers, as defined by the community wealth building approach to which it is committed, and not just low cost.

***Recommendation 5: That the Council ensures its definition of value for money is consistent with the community wealth building agenda, and specifically that the Council ensures that it is always measuring lowest cost alongside other factors relevant to ethical procurement approaches.***

1. Concern over the ethics of organisations the Council decides to partner with is an issue which has been raised previously by Scrutiny to Cabinet. It is raised here again on two grounds in particular. Firstly, there is a consistency with the thread of social value in procurement that the way the Council spends its money, who it partners with and under what conditions have real-world consequences. As such, the way it chooses to do these things an expression of the values it holds. The Council will not invest directly in companies which undermine its fundamental values, but at the moment it could trade with them, and be a source of profit to them. The ethical line between not being willing to support a company through investment and being willing to support it through trade seems very thin. This issue links to the Committee’s second concern, that of public perception. If there were to be a justification for trading with a company but not investing in it, that decision would be a very tight one, and based on a very thorough cost-benefit analysis. It is unlikely, however, that members of the public would be unlikely to be party to such finely calibrated deliberations. If the Council were to choose to partner with an unethical company it would run a reputational risk with the public. The Committee feels this is not a risk worth taking, and that it would be better if the Council provided a wider berth to companies which are particularly ethically controversial.
2. Whilst the Committee stands by this view, it is also pragmatic and understands that the due diligence required to make this wish a reality is significant. Resources devoted to ensuring that the Council does not partner with unethical companies are also resources which cannot be spent in support of our most vulnerable residents. There is a balance to be struck. The Committee is supportive of limiting the scope of any request to larger contracts, where there is more available information on companies and which would reduce the workload. It also does not wish to tie the hands of Council by specifying how any ethical due diligence should be undertaken, trusting that the Council will find a suitable way to make this happen. Ultimately, it is simply keen that the Council begins moving towards taking responsibility for the ethical outcomes of its spending decisions as well as its investment decisions.

***Recommendation 6: That for its larger contracts, the Council institutes an ethical due diligence check to ensure compatibility of commercial partners with the Council’s own standards.***

# Further Consideration

1. The Committee or the Finance and Performance Panel would welcome the opportunity to hear the report on the Procurement Strategy when it comes forward in due course.

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1. Eleven suitable councils were identified, but not all provided data in a usable format to enable comparison. [↑](#footnote-ref-1)