

Cardiff Council: promoting Fair Work through supply chains

This case study has been produced by the [Buying Social Justice](#) research project as part of its exploration of how public procurement is being adopted by public sector organisations to advance equality in employment. It is one of a series of case studies that feature good practice in the use of public procurement by infrastructure and transport bodies, local authorities, housing associations and universities in England, Scotland and Wales. The purpose is to present examples of good practice in how public procurement can incorporate objectives to promote equality, diversity and inclusion in the workforce. By presenting a selection of examples from public bodies of different sizes and sectors, it is intended that other organisations may consider adopting similar measures in their procurement practices.

All the case studies, together with other publications and outputs from the project, are available on the [Buying Social Justice](#) website.

Background to the organisation

Cardiff Council is the largest unitary authority in Wales, employing over 15,000 staff including in schools, and delivering a range of statutory and discretionary public services directly through its own workforce and through over 8,000 private and third sector organisations.

Its five-year plan Stronger Fairer Greener makes tackling poverty and inequality its priorities, alongside responding to the climate emergency. The Administration's vision for a Stronger Cardiff includes "an economy creating and sustaining well-paid jobs", a Fairer Cardiff is "where the opportunities of living in Cardiff can be enjoyed by everyone, whatever their background, where those suffering the effects of poverty are protected and supported, where a fair day's work receives a fair day's pay, and where every citizen is valued", while a Greener Cardiff "takes a lead on responding to the climate emergency" through its One Planet Cardiff programme, which nurtures biodiversity and supports high-quality open spaces connected by convenient, accessible, safe sustainable transport.

In 2012 the Council started paying all staff the real Living Wage and in 2015 became a Living Wage accredited organisation, encouraging all suppliers and contractors to pay the real Living Wage. It played a key role in Cardiff achieving Living Wage City status in 2019, resulting in a reduction of jobs in Cardiff paying below the real Living Wage from 42,000 (20.7%) in 2017 to 24,000 (11.6%) by 2021, according to ONS statistics. Since 2012 an estimated additional £65 million has gone into the Cardiff economy as a result of worker pay uplifts to the real Living Wage.ⁱ

In March 2017 Cardiff Council was the first public body to sign the Welsh Government's Code of Practice: Ethical Employment in Supply Chains, and in 2019 it became the first local authority in Wales to publish a Modern Slavery Statement, and has provided training on eradicating modern slavery to over 3,800 staff. Its Statement on Modern Slavery and Human Trafficking for the year April 2023 to March 2024 sets out the actions taken and future plans for eradicating modern slavery from its supply chains. Cardiff's Modern Slavery Statement has been recommended as an example of strong statement from a local authority in the LocalGov Bulletin.ⁱⁱ These are required for private sector organisations but not public bodies currently.

The high-risk sectors for modern slavery include agriculture, leisure, hospitality, catering, cleaning, clothing, construction and manufacturing, however for the majority of these areas the council

provides the service in-house, utilises national frameworks and/or local suppliers. Therefore it considers risk of modern slavery among direct suppliers to be low. Nevertheless, throughout the tendering process, direct suppliers are made aware of the council's commitment to tackle modern slavery and human trafficking and their obligations as a supplier.

Equality policy

The Council's Equality & Inclusion Strategy 2020-2024 sets out four strategic equality objectives: to develop and deliver services which are responsive to Cardiff's inequality gap (almost a third of residents experience material deprivation, and a high percentage of children live in workless and low-income households); to lead the way on equality and inclusion in Wales; to ensure Cardiff is accessible to everyone who is living, visiting or working in the city; and to build an inclusive and representative organisation.

In addition to complying with its Public Sector Equality Duty to those with protected characteristics, the strategy includes an aspiration to reduce inequalities of outcome which result from socioeconomic disadvantage, reflecting the implementation of Socioeconomic Duty of the Equality Act 2010 (which took effect in March 2021 in Wales). The strategy therefore identifies the steps being taken by the council to reduce socioeconomic inequalities, seen as particularly critical for recovery from the COVID pandemic which had disproportionate effects on ethnic minority and lower-income groups. The equality strategy also makes reference to Cardiff's Well-being Plan, which it is required to produce to comply with the Well-being of Future Generations (Wales) Act 2015. One of the achievements of the first plan 2018-2023 was helping to lift people out of poverty through Living Wage City status, and an increase in the number of organisations becoming accredited Living Wage employers.

Under the objective to build an inclusive and representative organisation, the strategy contains a section on Socially Responsible Procurement, with the aim to "spread these values through responsible procurement, working with the supply chain to ensure a commitment to equality, diversity and inclusion." The specific actions under this section on supporting the local economy, increasing community benefits from tenders over £1 million, and continuing to report and monitor action on the council's Modern Slavery Statement are stated as relevant to the following groups: those from low-income households, those who experience long-term unemployment, those who are underrepresented in the local economy, and victims of modern slavery.

Procurement policy

Procurement is seen as key to achieving its Stronger Fairer Greener vision, set out in the Socially Responsible Procurement Strategy 2022-27, by maximising the social impact of the Council's spending and setting an example as a Fair Work employer.

The strategy outlines the following procurement objectives:

- Contributing to the council's aim to be a Carbon Neutral City by 2030.
- Making procurement spend more accessible to local small businesses and third sector.
- Improving Fair Work and safeguarding practices adopted by suppliers.
- Increasing community benefits and social value delivered by suppliers.
- Securing value for money and managing demand.
- Ensuring legal compliance and robust and transparent governance.
- Promoting innovative and best practice solutions.

The objective of improving Fair Work and safeguarding has a stated aim that: "The Council and its suppliers and contractors actively promote equality of opportunity and safeguard and promote the rights of children, young people and vulnerable adults."

The council's strategy is informed by the Welsh Government's legislative requirements, such as the Well-being of Future Generations (Wales) Act 2015, the specific procurement duty of the Equality Act 2010 and the new Social Partnership and Public Procurement (Wales) Act 2023.

Cardiff first introduced a sustainable procurement policy 12 years ago, and the Head of Procurement believes that the developing legislation is "not what started us on the journey, but I think it will help and support us to continue on the journey that we're already on." While Welsh Government legislation has been influential in shaping the procurement strategy of Cardiff, he believes that there is also recognition from the council's political leadership of the importance of procurement as a lever for change:

"I don't feel we've needed legislation to drive the agenda, because we've recognised this is where value comes from. And part of the driver has been trying to position procurement as a strategic vehicle and a lever for change. If all we want to do is just make sure the processes are compliant where's the sense of achievement? If you talk to our Leader, the first thing he is going to talk about will be the work we've done around living wage, the work we're doing around social value, about the work we're now starting to do around carbon. It's not going to be, you do a really good job of being compliant with the rules and the regulations."

This political commitment translates into support and resources for the procurement function, which is aligned with the organisation's priorities. As the Head of Procurement noted, the politicians "can see the value of what we do, and without that, we wouldn't have been able to continue to invest in developing our service."

The Council additionally manages the procurement function for three nearby local authorities, Monmouthshire, Torfaen and the Vale of Glamorgan. The Head of Procurement believes that Wales's policy agenda has resulted in a shift in approach towards delivering wider procurement goals among these local authorities:

"Historically, driving cashable savings was seen as the only real value driver within procurement. With all three authorities the primary driver is the wider policy agenda, and legislative agenda, and how we deliver that so fair work, social value, climate and decarb, that's the primary driver for working with us and how we embed those added value requirements within our procurement activity. It shows that those priorities are increasingly acknowledged by senior management within those organisations."

Work is ongoing on aligning procurement policies and practices across the four authorities. The procurement team supports delivery of spending of over £1 billion a year across the four authorities (Cardiff's procurement spend in 2021/22 was over £560 million, including £113 million on buildings and estates). The strategic development of procurement policy is managed by a team of three, while procurement activity across the four authorities is done through five category teams with a total of 27 staff.

Procurement stages

Specifying requirements and pre-tendering

For some construction procurements Cardiff uses one of the frameworks that it hosts, the South East Wales construction framework and the South East Wales Highways construction framework, in which suppliers have undergone the pre-qualification process, including questions on equalities aspects, among other things.

Increasingly it is taking the approach of making some social aspects a standard requirement of the contract, rather than as added social value which is scored in the tendering process. The procurement strategy team now recommend that workforce equality and diversity training is a standard requirement, included in the pre-qualification terms and conditions, or sometimes in the specification as a requirement of the contract. Similarly, they have been revising their approach to modern slavery audits. Previously the conduct of a modern slavery audit by contractors would have been awarded points under the assessment framework, but the procurement strategy team has reassessed this and is starting to require an audit as a standard part of the qualification process.

The council expects all suppliers who tender for contracts worth over £1 million to be a signatory to the Welsh Government's Code of Practice: Ethical Employment in Supply Chains, and the question is posed directly in Pre-Qualification Questionnaires (PQQs). It is also encouraged in all other tenders.

As construction has been identified as a high-risk sector for modern slavery, the council is testing out a self-assessment questionnaire for use by construction suppliers to ensure compliance with its modern slavery statement and to ensure they have examined their own supply chains. In addition to questions about their own modern slavery statement and practices, there are questions on compliance with employment law, including: pay and benefits; the promotion of equal opportunities for all staff regardless of age, gender, disability, religion, race and sexual orientation; the avoidance of inappropriate use of zero-hours contracts; the provision of flexible working arrangements to carers and for family-friendly working; trade union recognition and representation; and payment of the real Living Wage.

Tendering, evaluation and contract award

Since 2020 the Council has been piloting use of the Welsh National TOMs (Themes, Outcomes, Measures) Social Value Measurement Framework. Using a combination of quantitative measures and qualitative responses, this allows bidders' promises of community benefits and social value to be evaluated in the award process.

For a large tender for a school building project, the senior strategy and development officer worked with the head teacher and school governors at an early stage, as well as the local community, to put together a priority list of suggestions that contractors might include as social value they could deliver. Commitments that they chose to submit were evaluated using the TOMs, giving a quantitative value to allow comparison across bids.

The evaluation also includes a qualitative element to ensure that whatever the bidder is promising is achievable. For example, promises in relation to employment would be assessed in terms of where they are going to find people and how this will be achieved. Bidders are also required to provide a delivery plan, including elements such as who within the organisation will be responsible for delivery, how they will engage with community organisations, and a timeline.

Although the council's use of the TOMs is being treated as a pilot, they have used it for around fifty projects and have generated social value commitments worth about £8 million. How the framework is working is being reviewed, which has involved questions about what should be included as part of the TOMs evaluation, and what should instead be made a contract requirement. The inclusion of standard requirements would avoid bidders "gaming" the system by achieving high scores for something that the council believes they should do anyway, such as modern slavery audits or equality and diversity training, as noted above.

Typically the weighting for social aspects in assessing tenders is 10%, although in a recent large housing regeneration scheme, there was an initial push for 30% for social value, but in the end 15% was agreed.

Ongoing work is taking place on aligning tendering processes across the four local authorities and between teams within the same authority. The intention is that for bidders to any of the four authorities, “the ask is going to be broadly the same.”

One objective of the procurement strategy is making procurement spend more accessible to local small businesses and the third sector. The strategy notes that in 2021/22 the council’s spend with SMEs was 54.2% of the total and spending with suppliers within Cardiff was 53.2% and a further 14.6% within the wider Cardiff region. In practical terms, this means ensuring that tendering requirements do not deter smaller organisations, and one initiative of the council is to pay the for Living Wage accreditation fees for three years for SMEs, in the hope that this will encourage more companies to become accredited and “put a bit more peer pressure on others to do the same.”

Contract management and monitoring

In order to improve oversight of existing contracts and better plan delivery of contract renewals and new requirements, the council has established a Contract Forward Plan and Contract Register. It claims that use of the TOMs brings improvements in monitoring and reporting on delivery.

To support suppliers in delivering promised outcomes, a social value delivery group has been established which brings together key teams from across the council, with a particular focus on supporting the work and priorities of the council’s Into Work Service and Cardiff Commitment programme to create training and employment opportunities and positively impact on the lives of children and young people.

The senior strategy and development officer said they support suppliers in giving:

“Ideas of what they can do, how they can do it, but also signposting them to the right services. We have a social value delivery group that we've set up as part of our social value work that comprises contract managers and those services, such as Into Work and the beneficiaries of the commitments. So the service areas that can benefit from this social value and also the contract managers [...] of bigger programmes, like the schools programme and housing programmes.”

Good practice highlights

Cardiff Council has a well-established Socially Responsible Procurement Strategy which is seen as key to achieving its Stronger Fairer Greener vision of a local and regional economy that supports well paid and secure employment and takes a lead on responding to the climate emergency.

Key highlights of good practice are:

- Alignment of procurement strategy with the organisation’s strategic objectives and vision.
- Strong political leadership for using procurement to meet the council’s objectives for supporting the local economy and fair work.
- Adequate resourcing for procurement strategy development, to support the council’s day-to-day procurement activities.
- Active commitment to the eradication of modern slavery and human trafficking in supply chains, by focusing on high-risk sectors such as construction and the introduction of a modern slavery self-assessment questionnaire for use by potential suppliers.
- Visible and genuine commitment to payment of the real Living Wage by suppliers through encouragement in the tendering process and incentives such as payment of Living Wage accreditation fees for SMEs.

- Partnership working across four local authorities to align socially responsible procurement strategy to meet the Welsh Government’s procurement policy aims, through sharing and developing good practice.
- Inclusion of a commitment to reduce socioeconomic inequalities, as well as promoting equality for groups protected under the Equality Act 2010, in the Equality and Inclusion strategy.
- Creation of a social value delivery group to bring together teams across the council to support consistency in delivery and provide support to suppliers.

ⁱ Cardiff Council Living Wage Case Study <https://www.gov.wales/sites/default/files/publications/2023-09/cardiff-council-living-wage-case-study.pdf>

ⁱⁱ Jimenez, Gabriella. 2023. ‘Shedding Light on Modern Slavery Statements’. LocalGov. 10 August 2023. <https://www.localgov.co.uk/Shedding-light-on-modern-slavery-statements/57721>.