

## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **MUNICIPAL YEAR 2015/16**

#### **PUBLIC SERVICE DELIVERY, COMMUNITIES AND PROSPERITY SCRUTINY COMMITTEE**

**15th DECEMBER 2015**

<b>AGENDA ITEM 4</b>
<b>LOCAL BUSINESSES SUBMITTING BIDS / TENDERS FOR COUNCIL CONTRACTS</b>

#### **REPORT OF THE HEAD OF OPERATIONAL PROCUREMENT**

##### **1. PURPOSE OF THE REPORT**

To set out the reasons behind the Council's Quarter 1 and 2 performance (FY 2015/16) in respect of the number of bids and tenders submitted for Council contracts by local businesses and provide an overview of the procurement processes in place to enable local businesses to bid for Council contracts.

##### **2. RECOMMENDATIONS**

It is recommended that Members of the Public Service Delivery, Communities and Prosperity Committee:

- 2.1 Acknowledge the variation of factors that influence this key performance indicator and the mechanisms in place to manage supplier engagement;
- 2.2 Form a view on the adequacy of the Council's arrangements to provide local businesses with the opportunity to be suitably prepared to bid for Council contracts; and
- 2.3 Recommend the revision of the reporting timescales for this measure to annual reporting frequency (rather than quarterly) which will reflect a more meaningful end of year aggregation.

##### **3. BACKGROUND INFORMATION**

- 3.1 Rhondda Cynon Taf spends more than £235m per annum on supplies, services and works with over 8,000 suppliers. Within this supply chain, the Council is required to demonstrate that value for money has been obtained for the community, ensuring the best possible services have been procured

on the most economically advantageous terms and in a way that ensures fullest accountability and compliance with all relevant legislation.

- 3.2 The Corporate Procurement Unit (CPU) has a key role in this process for all areas of Council expenditure, some of which is procured centrally by the Unit and also includes support for directorate and devolved procurement processes to assist in the achievement of wider Council objectives. The Unit is also responsible for procurement strategy and policy, procurement efficiency and improvement, delivery of inter-service procurement projects, interfaces with suppliers and providers and sustainable procurement.
- 3.3 Procurement plays an important role in supporting the achievement of the sustainable development principles and objectives of the Well Being Future Generations (Wales) Act 2015. The Wales Procurement Policy Statement (WPPS) also sets out the procurement practices and specific actions expected of every public sector organisation in Wales, with emphasis on 'sustainable procurement' practices being an integral consideration in all procurement activity.
- 3.4 The CPU is striving to contribute to creating a vibrant Welsh and local economy capable of delivering strong and sustainable economic growth by providing opportunities for local suppliers. The Unit's commitment to deliver 'community benefit' outcomes from its procurement activity is also designed to ensure that wider social and economic issues are taken into account when spending public money.

#### **4. CURRENT PERFORMANCE & PERFORMANCE TRENDS**

- 4.1 Key Performance Indicator LPRO107 (% bids / tenders submitted by local\* businesses) was introduced in FY 13/14 with the aim of capturing the Unit's performance in encouraging and enabling local businesses to access Council contracts. [\*Local' means suppliers registered in the South East Wales region - postcodes CF, SA and NP]

##### Performance Trends

- 4.2 Setting a target for this KPI has historically been difficult due to significant performance variations being identified between reporting periods. This is due to the nature of contract opportunities being advertised from one reporting period to the next, matched against the capacity, capability and local suppliers' decision to bid for such contracts.
- 4.3 During FY 13/14, variation in performance between quarterly reporting periods ranged from 64% to 87%, however end of year cumulative reporting resulted in the achievement of 81.25% of bids / tenders being submitted by local businesses.

- 4.4 A similar trend was identified in FY 14/15, with variations again being identified between quarterly reporting periods, ranging from 58.11% to 88.98%. Consequently, end of year cumulative reporting identified that performance had exceeded the annual target set, with 74.45% of bids / tenders being submitted by local businesses (against a target of 70%).
- 4.5 Based on the above performance trends, a target of 75% was set for FY 15/16. The below table identifies current performance to date:

Reporting Period	Target	Quarterly Performance	Cummulative Performance
Quarter 1 (Apr - Jun '15)	75%	55.00%	55.00%
Quarter 2 (Jul - Sept '15)	75%	71.43%	59.26%

- 4.6 The above data again identifies variations between the quarterly reporting periods (55% - 71.43%), however cumulative performance to date (59.26%) currently falls below the annual target set of 75.00%. In its role of scrutinising the Council's performance, the Finance and Performance Scrutiny Committee initially reviewed this KPI and subsequently referred the matter to the Public Service Delivery, Communities and Prosperity Committee for further examination and review.

#### Contract opportunities during Quarter 1 & 2 FY 15/16

- 4.7 A full breakdown of the contract opportunities advertised during this reporting period is included at **Appendix A**. A range of different contracts were advertised during this period (23 contracts), with 81 suppliers submitting tenders in total, of which 48 suppliers were deemed to be local suppliers. Consequently, from 19 contracts awarded during this period, 11 local based suppliers were successful in being awarded contracts.
- 4.8 All contract opportunities were openly advertised via the Welsh National Procurement Website (Sell2Wales) and/or the Council's Contract Management System, meaning that transparent, equal and fair procurement practices were applied to enable local and other suppliers to access and bid for these contract opportunities.
- 4.9 The reasons for lack of participation by local suppliers in these contract opportunities is unclear, however there are a number of factors (outside of the control of the Unit) that could affect this, including (but not limited to):
- The nature of the contract - the goods, services or works to be delivered as part of the contract may not 'fit' with the suppliers own business.
  - Capability - the supplier may not have the capability or business infrastructure to deliver the contract.

- Capacity - the supplier may not have the resources to successfully meet and sustain the contract specification and requirements.
- Choice - the decision to participate and submit a bid ultimately sits with the supplier.

Any one of the above factors (or other) could influence the suppliers decision to submit a bid / tender.

- 4.10 Trend data detailed in 4.3 - 4.6 above suggests there is still scope for performance against the FY 15/16 target to increase, however the above factors remain a consideration and could continue to adversely affect the performance of this key performance indicator.

## **5. ENABLING AND ENCOURAGING LOCAL BUSINESSES**

- 5.1 The CPU already undertakes a range of activities to support, enable and encourage local businesses to access and bid for Council contracts. These include:

- The facilitation of 'Supplier Development Events' or 'Meet the Buyer Events' to provide information, advice and guidance to suppliers (invited by open invitation on Sell2Wales, RCT website and Business Club website) on how to access contract opportunities or identify opportunities of interest.
- The facilitation of 'How to Tender Workshops' aimed at providing information and guidance to suppliers on how to submit a bid / tender for a particular contract opportunity.
- Working with Business Wales and other collaborative partners to facilitate regional supplier development events.
- Supplier training events on how to access and submit electronic tenders via the Council's Contract Management System.

Details of the various supplier events held during FY 14/15 and 15/16 is included at **Appendix B**.

- 5.2 Since FY 12/13, over 1,200 suppliers have attended these events. Furthermore, approximately 70% of Council spend is with local suppliers (see **Appendix C** for details of this Key Performance Indicator). These approaches to procurement demonstrate the Unit's commitment to work with our external partners to develop local supply chains, SMEs and the local economy.
- 5.3 The development of a 'Selling to the Council Guide' - available via the Council's website - also provides local suppliers with additional information on how to access Council contracts.
- 5.4 The use of community benefit clauses in Council contracts has also been successful in enabling the Unit to bring about employment opportunities for

local people, encourage the use of local subcontractors and create apprenticeship or trainee placement opportunities from contracts awarded.

- 5.5 Members should note that a 'Meet the Buyer' event is planned to take place during early February 2016 in conjunction with the Regeneration and Planning Service and other collaborative partners. Historically, these events have been well attended by local and other suppliers in the market, and it is anticipated that facilitating this event will further encourage and enable local suppliers to access Council contract opportunities.

## **6. CONCLUSION**

- 6.1 Sustainable procurement practices and community benefit approaches continue to be a high priority for the Unit as they are inextricably linked to the Council's Regeneration and Economic Development objectives and Wales Procurement Policy objectives.
- 6.2 The Unit continues to maximise these opportunities for all areas of Council spend, where practicable - working and supporting local businesses, SMEs and third sector organisations - helping them to access and compete for Council contracts within the legal framework.

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**Appendix A****Contract opportunities during Quarter 1 & 2 FY 15/16**

<b>Contract Title</b>	<b>No. of Suppliers submitting Tender</b>	<b>No. of Local Companies submitting Tender</b>
Tender for the Purchase of a Multi-Terrain Tracked Machine	1	0
Pontypridd Gyratory	2	2
Young Carers	4	4
Older People Floating Support	2	2
Porth and Tonypany Comprehensive Project Manager	5	2
Multidisciplinary Design and Associated Services for Tonyrefail Comprehensive School	2	0
Treorchy Secondary School Construction Consultancy	3	1
Y Pant construction build	3	0
Porth Station Park and Ride re-development	5	3
Upper Boat Metro and Maintenance Works	5	2
Rhiwsaeson Bridge strengthening	6	5
Catering Rights at Lido Pontypridd Cafe, Ynysangharad War Memorial Park, Pontypridd	6	6
Bacterial Testing of Swimming Pool, Hydro Pool and Jacuzzi Water and Covers	5	1
Supply, Fit and Maintain Fitness Equipment within Hawthorn Leisure Centre	2	0
The Provision of Maintenance of Traffic Control and Associated Equipment	2	1
Hire and Delivery of 14 No Wheelchair Accessible 16 Seat Coach Built Vehicles	2	0
Hire and Delivery of 7 No Compact Sweepers	1	0
Provision of Flying Start Child Care Phase 3	4	4
Central South Consortium MIS	5	4
Royal Oak Bridge strengthening	6	5
Occupational Health and Associated Services	4	4
Provision of Multi Disciplinary Property Consultant for Taff Vale Development	2	2
The Supply and Delivery of 2 No32 Tonne Hook Loaders	4	0
<b>TOTAL</b>	<b>81</b>	<b>48</b>
<b>% bids / tenders submitted by local businesses</b>		<b>59.26%</b>

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**Appendix B****Supplier Development Events held during FY 14/15**

<b>Event Name</b>	<b>Date</b>	<b>No. of attendees</b>
SEWSCAP Supplier Meetings	10/04/2014	11
Taxi Event - Rhondda Heritage Park	14/04/2014	17
Taxi Event - QED Treforest	16/04/2014	9
Taxi Event - Valleys Innovation Centre	17/04/2014	25
Meet the Buyer Event	09/05/2014	83
SEWSCAP Supplier Development Meetings	23/05/2014	2
SEWSCAP Supplier Development Meetings	02/06/2014	3
SEWH Group Meetings	03/06/2014	11
SEWSCAP Supplier Development Meetings	04/06/2014	2
SEWSCAP Supplier Development Meetings	18/06/2014	2
SEWSCAP Supplier Development Meetings	25/06/2014	2
SEWH Supplier Development Meetings	02/07/2014	3
SEWH Supplier Development Meetings	10/07/2014	4
SEWH Supplier Development Meetings	16/07/2014	1
SEWH Supplier Development Meetings	17/07/2014	4
WPC Electrical pre-tender workshop	12/09/2014	30
SEWSCAP How to Tender Event	22/09/2014	59
Supplier Awareness & HTT Workshop (All Wales Residential Rehabilitation Services Framework)	17/11/2014	5
Meet the Buyer Event - Llantrisant LC	26/11/2014	115
Supplier Awareness & HTT Workshop (Young Carers Support Service)	03/12/2014	4
How to Tender Workshop - Catering and Accommodation Rights At Dare Valley Country Park	28/01/2015	13
etenderwales workshops - ITU and YEPS framework providers	16/02/2015	31

**22 events held during FY 2014/15****436**

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**Appendix B****Supplier Development Events held during FY 15/16**

<b>Event Name</b>	<b>Date</b>	<b>No. of attendees</b>
How to Tender Workshop - Housing Related Floating Support for Older People	13/04/2015	7
How to Tender Workshop - Catering Rights at Lido Pontypridd Cafe	14/04/2015	7
4Cs Provider Open Day	01/06/2015	5
4Cs Provider Open Day	02/06/2015	4
4Cs Consultation / Innovation event	03/06/2015	32
Open Access Play Bravo Workshop	09/06/2015	19
Transport Bravo workshop	12/06/2015	1
Holiday Fun Time Bravo Workshop	17/06/2015	30
Launch event for SEWSCAP2- client/contractor workshop	07/07/2015	29
Disabled Adaptations and Repairs Contract (DARC) Workshop	10/09/2015	52
Tonyrefail Pre Procurement Workshop	10/09/2015	5
SA1 University St Trinity Pre Procurement Workshop	15/09/2015	5
Set Targets for Skills Academy	24/09/2015	19
Looked After Children Framework Event	24/09/2015	56
South East Wales Highways Client and Contractors Operational Group	30/09/2015	23

**15 events held (as at end Sept '15)****294**

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**Appendix C****Key Performance Indicator - LPRO106: % of creditor payments to local businesses**

<b>Ref.</b>	<b>Measure</b>	<b>FY 13/14</b>	<b>FY 14/15</b>	<b>FY 15/16 (at Sept '15)</b>
LPRO106	% of creditor payments to local businesses using postcodes CF, NP or SA, reported quarterly.	<b>70.72%</b> (Target: N/A)	<b>69.76%</b> (Target: 70%)	<b>65.64%</b> (Target: 70%)

Note: KPI currently under review with a view to revising the scope and parameters of the definition to capture payments made via alternative methods (e.g. e-Trading solutions). The increase in use of e-trading solutions, in particular Welsh Purchasing Cards, means that this type of expenditure is not captured via the Council's Creditors System (instead captured via the Barclaycard Spend Management system). Furthermore, if expenditure is routed via a central invoicing point outside of the 'local' post code area but it is identified that the point of delivery or service provision is within the 'local' post code area, then this expenditure may not be captured.