

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
MUNICIPAL YEAR 2016-2017**

**PUBLIC SERVICE DELIVERY,
COMMUNITIES & PROSPERITY
SCRUTINY COMMITTEE –
4th July 2016**

**REPORT OF THE DIRECTOR OF
LEGAL & DEMOCRATIC SERVICES**

Agenda Item No. 5

**REPORT OF THE PUBLIC SERVICE
DELIVERY, COMMUNITIES &
PROSPERITY SCRUTINY COMMITTEE-
THE NUMBER OF LOCAL BUSINESSES
SUBMITTING BID/TENDERS FOR
COUNCIL CONTRACTS**

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1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide Members of the Public Service Delivery, Communities & Prosperity Scrutiny Committee with the opportunity to consider and comment on the findings and recommendations agreed following the whole committee scrutiny review into 'The Number of Local Businesses Submitting Bids/ Tenders for Council Contracts'.

2. RECOMMENDATIONS

It is recommended that Members:-

- 2.1 Form a view on the findings and recommendations set out in the report attached at Appendix 1; and subject to agreement
- 2.2 Request that the Executive acts upon the following recommendation formulated by the Public Service Delivery, Communities & Prosperity Scrutiny Committee as follows:

(a)The reporting timescale for this Key Performance Indicator (LPRO107 % of bids/tenders submitted by local businesses) is revised to an annual reporting frequency (rather than quarterly) which will reflect a more meaningful end of year aggregation

3. BACKGROUND

- 3.1 On the 7th October 2015 the Performance & Finance Scrutiny Committee referred the following Key Performance Indicator (KPI) exception, not picked up by work programmes to the Public Service Delivery, Communities and Prosperity Scrutiny Committee for review in more detail:-

'The no. of local business submitting bid / tenders for Council contracts'

- 3.2 At its meeting on the 15th December 2015 members of the Public Service Delivery, Communities & Prosperity Scrutiny Committee resolved to undertake a short review over a period of one or two meetings to pursue their lines of enquiry in greater depth.
- 3.3 Attached at Appendix A is the report which outlines the work undertaken by the Public Service, Communities & Delivery Scrutiny Committee in respect of their short review into the number of local businesses submitting bids/tenders for Council contracts and subsequently the one recommendation formulated by Committee Members.

LOCAL GOVERNMENT ACT 1972

as amended by

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

**PUBLIC SERVICE DELIVERY, COMMUNITIES & PROSPERITY SCRUTINY
COMMITTEE**

LIST OF BACKGROUND PAPERS

REPORT OF THE DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES

Item: Report of the Scrutiny Working Group – ‘The Number of Local
Businesses Submitting Bids/Tenders for Council Contracts’

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

REPORT OF THE PUBLIC SERVICE DELIVERY, COMMUNITIES & PROSPERITY SCRUTINY COMMITTEE

COMMITTEE'S SHORT REVIEW OF THE NUMBER OF LOCAL BUSINESSES SUBMITTING BIDS/TENDERS FOR COUNCIL CONTRACTS



STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFTADAETH GADARN | DYFODOL SICR

1. TERMS OF REFERENCE AND METHODOLOGY

Background

- 1.1 At its meeting on the 7th October 2015 the Finance & Performance Scrutiny Committee resolved to refer the following Key Performance Indicator (KPI) exception, not picked up by work programmes to the Public Service Delivery, Communities and Prosperity Scrutiny Committee for review in more detail:- *'The no. of local business submitting bid / tenders for Council contracts'*. In response to the referral the Public Service Delivery, Communities and Prosperity Scrutiny Committee received a detailed report setting out the reasons behind the Council's underperforming Quarter 1 and 2 figures (Financial Year 2015/2016 55% and 71.43% respectively) in respect of the number of bids and tenders submitted for Council contracts by local businesses which had fallen below target (75%) and the mechanisms in place to support local businesses. However, at that stage committee felt they wanted to explore their lines of enquiry in more detail and expressed concern at the underperforming Performance Indicator.

At its meeting held on the 15th December 2015 members of the Public Service Delivery, Communities & Prosperity Scrutiny Committee resolved to undertake a short review into the number of local businesses submitting bids and tenders for Council contracts. The short review would be conducted over a period of one or two meetings with a briefer scope than a review with the aim of developing evidence based recommendations.

Scope

- 1.2 The Scope and Methodology for this short review was agreed as follows:
- To understand the reasons behind the Council's Quarter 1 and 2 performance in respect of the number of bids and tenders submitted for Council contracts by local businesses (Target 75% - Quarter 1 Performance 55%/Quarter 2 Performance 59.26%)
 - To review the Council's current procurement procedures and contract specifications and assess their adequacy in enabling local businesses to bid for Council contracts
 - To review the current provision of support for local businesses in RCT and identify any gaps in provision
 - To understand the potential barriers to accessing support
 - To identify areas of best practice
 - Assess how successful local businesses are in being awarded contracts let by the Council (or as sub contractors)

Methodology

- 1.3 The short review was a whole committee review, involving all members of the Public Service Delivery, Communities and Delivery Scrutiny Committee. The review commenced in December 2015 following receipt of the first report presented by the Head of operational Procurement. The work continued for a subsequent two meetings and Committee completed its work in March 2016. Primarily Committee received evidence form the Council's Head of

Operational Procurement and the Service Manager E-Procurement. In addition to reports presented by the Councils Procurement Service, Committee also listened to the perceptions of the business community within RCT and the view of Business Wales in respect of how successful local businesses are in being awarded contracts let by the Council.

- 1.4 On the 14th March 2016 representatives from two local businesses namely Days Rental and PB Services and a representative from Business Wales attended Committee to share their experiences of the Council's procurement processes and more importantly tell Committee whether they felt enough support was being provided to local businesses.

Committee is very grateful to the local business representatives and to Business Wales for taking the time to attend Committee and share their views and opinions with us.

(For the purposes of this report 'local' businesses means suppliers registered in the South East Wales region – postcodes CF, SA and NP)

2. CORPORATE PROCUREMENT UNIT (CPU)

- 2.1 Rhondda Cynon Taf spends more than £235m per annum on supplies, services and works with over 8,000 suppliers to deliver the best possible services for the benefit of the community. The Corporate Procurement Unit plays a key role in the Council's Procurement Strategy 2013-2016 and Policy and also contributes to the achievement of the wider Council objectives. Ultimately it is the CPU's responsibility to manage the Council's procurement activities.
- 2.2 Procurement in RCT plays an important role in supporting the objectives of the Well Being Future Generations (Wales) Act 2015 and the Wales Procurement Policy Statement (WPPS). As well as complying with European and National Legislation, the Council has its own set of Contract Procedure Rules. These provide a framework which regulates the Council's procurement of goods, works and services. In advance of sourcing external suppliers the CPU will look to existing framework agreements or contracts but if the need cannot be met this way then a Request for Quotation (RFQ) or Tender process is carried out depending on the value of the contract.
- 2.3 The community benefit clauses within Council contracts are contractual clauses which can be used to build a range of economic, social or environmental conditions into the delivery of public contracts. In RCT it seeks to allow the Council to contribute to the achievement of outcomes which benefit the wider community by bringing about employment opportunities for its residents.

Enabling & Encouraging Local Businesses

- 2.4 Committee was informed that RCT has a number of mechanisms in place to encourage local suppliers to bid for Council contracts. There are two systems

which the Council encourages local businesses to sign up to, both of which publish contract opportunities:-

- Sell2Wales is the National Procurement website for Wales which advertises contract opportunities widely
- eTender Wales is the Council's e-tendering portal. Contract opportunities are advertised to registered suppliers and contractors.

2.5 Recently RCT, in collaboration with Cardiff, Caerphilly and Torfaen Councils has published a 'Selling to Rhondda Cynon Taf County Borough Council' guide which is available via the Council website. It advises potential suppliers and contractors how the Council buys goods and services and provides them with a step by step account of how they are notified of tender opportunities, how suitable and qualified suppliers are selected, the process of submitting a quotation or tender response and finally awarding the contract. The guide has been well received and also signposts local businesses to a number of other relevant contacts and organisations.

2.6 The guide is widely publicised throughout the various supplier events which are held throughout the year to help local businesses expand or secure new contracts. The RCT 'Meet the Buyer' event brings together key businesses, public sector buying organisations and industry experts to offer a unique networking opportunity. At this year's event, the eighth annual event held in Llantrisant Leisure Centre, there were 216 attendees from 162 different organisations. The event is also attended by the Cabinet Member for Procurement.

2.7 In addition to the Meet the Buyer event there are a number of other supplier development events and activities which the Corporate Procurement Unit team attend and undertake to help support and enable local businesses to access and bid for Council contracts:-

- The CPU facilitates 'Supplier Development Events' which provide information, advice and guidance to suppliers (who are invited by open invitation via on Sell2Wales, RCT website and Business Club website) on how to access contract opportunities,
- The CPU facilitates 'How to Tender Workshops' specifically to provide guidance to suppliers on how to submit bids and tenders for Council contracts
- The CPU works with key partners such as Business Wales to facilitate the various supplier engagement events
- The CPU holds training events on how to submit electronic tenders via the Council's Management System

2.8 Having received information outlining the role of the CPU and the level of support it provides for local suppliers, Members of the Public Service Delivery, Communities & Prosperity Scrutiny Committee were keen to balance this view by receiving the views of services users themselves. Members wanted to hear from local business groups and industry experts to enable them to properly

assess the current provision of support the Council provides to its local businesses.

Views of the Local Business Community

2.9 On the 14th March 2016 Committee welcomed representatives from PB Services and Days Rental together with a representative from Business Wales.

Committee heard evidence in respect of the level of support that local businesses receive from the CPU with particular regard to guidance provided to them when bidding for Council contracts. Business Wales, a service run by Welsh Government which provides businesses of all sizes with information, advice and support acknowledged that the Council operates a very transparent process for local suppliers who are bidding to secure business with the authority. All acknowledged that fostering strong local supplier network events such as 'Meet the Buyer' events are key to a vibrant local economy and beneficial to local suppliers.

2.10 The two business representatives confirmed that the tendering processes within RCT are clear, user friendly and respond to the specific needs of the local suppliers; in the case of Days Rental comprehensible vehicle specifications are always provided. The business representatives confirmed that RCT compares favourably with other Local Authorities in that it provides a high standard of support for local businesses to help maximise their opportunities when bidding for work. In conclusion both representatives concurred that nothing more could be done to improve on the high standard of service already provided by the Council and the CPU.

Participation

2.11 Whilst undertaking the review Committee was keen to understand why there can be a lack of participation by some local suppliers in respect of some contract opportunities. For that reason a full breakdown of contract opportunities during Quarter 1 & 2 of the Financial Year 2015/16 was provided.

Contract Title	No. of Suppliers submitting Tender	No. of Local Companies submitting Tender
Tender for the Purchase of a Multi-Terrain Tracked Machine	1	0
Pontypridd Gyrotory	2	2
Young Carers	4	4
Older People Floating Support	2	2
Porth and Tonypandy 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, Ynysyngharad 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
TOTAL	81	48
% bids / tenders submitted by local businesses		59.26%

2.12 The data explains that a range of different contracts were advertised during this period, 23 in total with 81 suppliers submitting tenders in total of which 48 were local suppliers. Of the 19 contracts awarded during this period 11 local based suppliers were awarded contracts.

2.13 As with most tenders, they are advertised via the Sell2Wales website and via the Council's own tendering system (Tender Wales) which is used to advertise all Council opportunities. Tender opportunities are also sent at an 'open' level to all suppliers, in all areas, who match the criteria against which they register on the system (according to their area of work).

2.14 Committee learnt that there are no specific reasons for the lack of participation by local suppliers for certain contracts. It was recognised that there are a number of external factors which can influence whether or not a local supplier bids to secure business with the Local Authority which are beyond the control of the CPU such as:-

- The nature of the contract – the contract requirement may not fit with the local supplier's own business
- Capacity – the supplier may not have the resources to meet the contract specification or they may have the perception that they are too small to bid for a Council tender
- Capability – the local supplier may not have the capability to deliver the contract
- Choice – ultimately it is the supplier's decision whether or not to submit a bid

2.15 Committee acknowledged the mechanisms in place to manage supplier engagement and the positive work undertaken by the CPU to encourage and suitably prepare local businesses to submit bids for Council tenders. Whilst

considering the data Committee also recognised that the procedure is fair and transparent to all 'non local' firms who have equal opportunity in the process.

3. PERFORMANCE TRENDS

3.1 The Key Performance Indicator LPR0107 (% bids/tenders submitted by local businesses) was introduced in the financial year 2013/14 to capture the Unit's performance in providing support to enable local businesses bid for Council contracts. Committee was advised that it has been historically difficult to set a target for this Key Performance Indicator due to the number of variances from one reporting period to another. These variances are due to a number of reasons such as the nature of contract opportunities advertised from one reporting period to another compared with the capacity and capability of those businesses bidding for Council contracts.

3.2 In order to demonstrate the fluctuation in the quarterly reporting periods and the end of year cumulative reporting since the Key Performance Indicator has been introduced committee considered the following data:-

- Financial Year 2013-14 – Variations in performance between quarterly reporting periods ranged from 64% to 87%
End of year cumulative reporting resulted in the achievement of 81.25%
- Financial Year 2014-15 – Variations in performance between quarterly reporting periods ranged from 58.11% to 88.98%
End of year cumulative reporting resulted in the achievement of 74.45%
(End of year target set at 70%, performance exceeded the annual target set)
- Financial Year 2015-16 – Variations in performance between quarterly reporting periods ranged between 55% and 89.06%
End of year cumulative reporting resulted in the achievement of 76.42%
(End of year target set at 75.00%, performance exceeded the annual target set)

The performance trends clearly show a fluctuation between quarterly reporting periods resulting in a positive end of year cumulative result which has on two occasions exceeded the annual target set. Committee felt that the current reporting timescales undertaken on a quarterly basis was not providing an accurate overall picture of how this particular PI was performing. Members of the Committee considered that revising the reporting mechanisms would address the fluctuation in reporting periods and produce a definitive end of year cumulative report.

4. CONCLUSION & RECOMMENDATION

4.1 Members of the Public Service Delivery, Communities and Prosperity Scrutiny Committee acknowledged the concern of the Finance & Performance Scrutiny Committee following review of this KPI and its decision to subsequently refer the

matter to the Public Service Delivery, Communities & Prosperity Scrutiny Committee.

- 4.2** Following their review of the current provision of support for local businesses in RCT including the opportunity to engage with the local business community and Business Wales, committee felt satisfied that sufficient information, guidance and signposting is available to the local business community to enable them to tender for Council contracts should they wish to do so. They felt that the CPU is making every effort to create a vibrant local economy by establishing opportunities for local businesses via the community benefit clause and through the numerous supplier development events. Throughout the review committee were assured that 'non local' firms also have equal opportunity in a fair and transparent process when bidding to secure business with the authority.
- 4.3** Whilst Committee was satisfied that all efforts have been made in respect of engaging with local businesses, they acknowledged that there are a number of influencing factors that could continue to adversely affect the performance of this key performance indicator, beyond the control of the CPU. It agreed that there was a need to alter the reporting timescale from a quarterly to an annual frequency which would better capture the Key Performance Indicator and produce a more meaningful end of year result.

For that reason Committee identified the following recommendation for the Executive to consider and where necessary implement.

“The reporting timescale for this Key Performance Indicator (LPRO107 % of bids/tenders submitted by local businesses) is revised to an annual reporting frequency (rather than quarterly) which will reflect a more meaningful end of year aggregation”