



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**CLIMATE CHANGE CABINET STEERING GROUP**

**16<sup>TH</sup> NOVEMBER 2020**

**LOCAL PROCUREMENT OF SUPPLIES AND SERVICES**

**REPORT OF THE DIRECTOR OF HUMAN RESOURCES IN DISCUSSION WITH  
THE CABINET'S CLIMATE CHANGE CHAMPION (COUNCILLOR RHYS LEWIS)**

**Author: Marc Crumbie (Head of Procurement)**

**1. PURPOSE OF THE REPORT**

The purpose of this report is to:

- 1.1 Provide the Climate Change Cabinet Steering Group with an update on the planned work that aims to ensure the local economy of the Council receives the maximum possible benefits from the Council's procurement arrangements.

**2. RECOMMENDATIONS**

It is recommended that the Steering Group:

- 2.1 Agree with the approach of the Council advertising its tenders more clearly with the local market, and for the Procurement Service to challenge each tender at its early stage with a view to establishing if appropriate lotting would be applicable.
- 2.2 That an update on these actions be presented back to the Group at a future meeting.

**3. BACKGROUND**

- 3.1 Rhondda Cynon Taf County Borough Council is one of the largest Councils in Wales. In order to deliver the range of services that it is responsible for, it contracts with a large number of external organisations. The Procurement Service has a key role in supporting and enabling service areas to deliver economic, social, environmental and cultural outcomes through the contracting process.
- 3.2 This report provides a brief overview of the regulatory requirements that the Council is legally obliged to follow, and provides a summary of spend that has occurred between the period of April 2019 and July 2020.

3.3 The report goes on to identify those areas of work that are planned to take place to help ensure that the local economy gets the very most out of the Council's procurement arrangements.

#### 4. **REGULATORY REQUIREMENTS**

4.1 All Public Procurement is governed by EU Treaty, EU Procurement Directives and UK Procurement Regulations. The Council has an obligation to comply with this Legal Framework and our Contract Procedure Rules set the framework for delivering our procurement activities.

4.2 The overriding aim of an effective procurement process is to deliver value for money with effective outcomes. Underpinning all of our processes are the principles of non-discrimination, transparency and fairness.

#### 5. **HOW MUCH IS CURRENTLY SPENT WITHIN THE LOCAL AREA**

5.1 Between the period April 2019 to July 2020, £302m was spent on goods and services. Table 1 illustrates how and where this spend is distributed. The analysis of this data was undertaken using the postcode of each supplier.

Table 1 – Summary of spend 1<sup>st</sup> April 2019 to July 2020

Region	Spend Apr 19 - July 20		Spend Apr 19 - July 20		Spend Apr 19 - July 20
Wales	£201,304,462.96	SE Wales	£194,384,244.99	RCT	£76,042,892.58
		North Wales	£3,464,120.07		
		West Wales	£3,456,097.90		
Outside of Wales	101,486,074.23		<b>£201,304,462.96</b>		
	<b>£302,790,537.19</b>				

5.2 In respect of the money that is spent outside of the County Borough, it was previously agreed that an in-depth review of the Council's top 50 suppliers (based outside of RCT) would take place. The necessary data was prepared and the survey compiled. Unfortunately the nationwide lockdown came just as the Service was ready to issue the communications to our suppliers / contractors. As a result of this, the in-depth review has not taken place.

5.3 Whilst the previous report recommended that we undertake this in-depth exercise for the top 50, it is considered that this time would now be better spent looking forwards and ensuring that the positive outcomes when contracting are fully considered when preparing tender documents in future. The following sections of this report set out how we intend to deliver this ambition.

## **6. WHAT WE HAVE LEARNED DURING THE PANDEMIC**

- 6.1 Whilst Covid-19 has and continues to have a significant impact upon the Council and its citizens, we learnt a lot about our local business community during the early stages of the pandemic.
- 6.2 A number of local businesses answered the Council's call for help and the First Minister's 'Call to arms'. During the early stages of March and April, local businesses diversified and turned their manufacturing processes to making, for example, hand sanitiser, PPE and signage.
- 6.3 These areas of supply were a significant help during the initial crisis, but what we learnt was that the local market can adapt their processes for what we need – it was a simple case of demand being met with supply. The Council has never asked for help in that way before, but if we think about it now that things have settled, we were asking a very simple question – 'can any businesses meet a specific demand?'.
- 6.4 Whilst the Council is required, by Law, to follow a specific set of procedures that ensure all suppliers are treated fairly and with transparency, we need to advertise our tenders in more accessible areas. In addition, we can encourage our local businesses to think about whether they can diversify, to understand that they wouldn't necessarily require previous experience in the field in order to submit a tender for example. The ability of businesses to diversify now, could help to ensure their longer term viability.

### **We will:**

- **Investigate the best method by which local businesses in the area receive notices that give details of tenders that are upcoming and also 'live' on our tendering portal.**
- **In order to submit bids for work, some local businesses may require upskilling in this area. We will work with our partners in Sell to Wales and Business Wales to ensure that they can provide the advice and support needed.**

## **7. HOW WE CAN MAKE OUR CONTRACTS MORE ACCESSIBLE TO LOCAL BUSINESSES**

- 7.1 As mentioned previously, the Council is required to ensure fairness and transparency when undertaking its procurement activities. This means that we are not allowed to have or show favour in any way. What we can do however is make tenders more accessible.
- 7.2 Some contracts may lend themselves to a different lotting structure. This means that when we look to scope individual tenders there may be options to split the works/supplies into specific lots rather than bundle them all together into one whole contract. This is not something new, for example the Council's recent tender 'Disabled Adaptation & Repair Framework'. The Framework was split

into the lots shown in Table 2. The table also shows the number of tenders received along with the number of winning bidders for each lot:

<b>LOT</b>	<b>Contractors Awarded</b>	<b>Reserve list</b>	<b>Estimated jobs per annum</b>	<b>Estimated total value per annum</b>	<b>Tenderers</b>
LOT 1 - General Building Work (Below £25,000)	12	5	214	£2.4m	16 (16 sme's)
LOT 2 - General Building Work (Over £25,000)	8	3	9	£300k	13 (13 sme's)
LOT 3 - Plumbing Work Only	12	5	157	£1m	19 (19 sme's)
LOT 4 - Stair Lifts Only	3	2	185	£647k	5 (4 sme's)
LOT 5 - Vertical Lifts Only	3	2	16	£216k	3 (3 sme's)
LOT 6 - Minor Works of Adaption Up To a Value of £600	5	3	1487	£400k	11 (11 sme's)

- 7.3 On this framework, tenderers were able to bid and be accepted for one or more lots. After award, work associated under each of the lots is allocated on an alphabetical rota basis. Due to the number of jobs, it continuously rotates resulting in regular allocation of work, whilst avoiding contractors taking on more than their capacity.
- 7.4 The lotting structure was attractive to SME's as the jobs are manageable and spread timing wise. The pricing strategy, with a fixed schedule of rates, means the contractors know before applying what they will be paid for the work, and that the job will be local.

**Moving forwards, we will:**

- **Review each tender on its own merits to establish if it is suitable to be split / lotted.**

**8. EQUALITY AND DIVERSITY IMPLICATIONS**

- 8.1 An Equality Impact Assessment is not required with regard to this report.

**9. CONSULTATION**

- 9.1 There are no consultation requirements at present with regards to this supporting report.

**10. FINANCIAL IMPLICATION(S)**

- 10.1 There are no financial implications aligned to the recommendations contained within this report.

**11. LEGAL IMPLICATIONS**

11.1 There are no legal implications as a result of the recommendations contained within this report.

**12. LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.**

12.1 The future actions that arise as a result of the recommendations will be considered by the Council's Cabinet and it will take full regard to the seven national wellbeing goals.

**13. CONCLUSION**

13.1. This report provides an overview of the Council's contracting arrangements, in particular how the Council is able to demonstrate spend with our local suppliers (based on 'postcode' data).

13.2. The Council is keen to explore the potential of how we can utilise local SME's more, therefore work with the aim of identifying potential opportunities to introduce them into our supply chain in the future will take place.

**LOCAL GOVERNMENT ACT, 1972**

**as amended by**

**THE ACCESS TO INFORMATION ACT, 1985**

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**LIST OF BACKGROUND PAPERS**

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**Report of the Director of Human Resources**

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Background Papers: None.