



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CLIMATE CHANGE CABINET STEERING GROUP

18th DECEMBER 2019

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)**

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1. PURPOSE OF THE REPORT

The purpose of this report is to:

- 1.1 Provide the Climate Change Cabinet Steering Group with an overview of the Council's contracting arrangements, in particular:
 - Based on the current data that we have available to us, illustrate how much of the Council's current expenditure takes place with suppliers that are based within the County Borough;
 - Put in place a structured approach to reviewing the potential added value to the local economy where contracted spend takes place with suppliers that are not based within the County Borough;
 - How we can adopt a structured approach to building effective networks with local businesses that are based within the area.

2. RECOMMENDATIONS

It is recommended that the Steering Group:

- 2.1 Agree that further work takes place to review the Council's top 50 suppliers with the aim of establishing the value that these arrangements have to our local economy;
- 2.2 Note the work that is taking place to develop a detailed understanding of the businesses that operate within the County Borough;
- 2.3 That an update on these actions be presented back to the Group in June 2020.

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; provides a summary of spend that has occurred for the first half of the 2019/20 financial year; sets out the next steps in terms of getting a thorough understanding of the baseline data and introduces the theme of how we can better engage with local businesses.
- 3.3 This report compliments recent work undertaken by a scrutiny working group on behalf of the Finance & Performance Scrutiny Committee. The working group considered how proposals supported by Full Council, following consideration of a Notice of Motion, in respect of establishing a food register, with the aim of promoting and increasing support for local produce, thereby supporting the local economy. The recommendations of the working group have adopted by the Scrutiny Committee and have been received by the Council's [Cabinet](#). The recommendations will shortly receive a formal response from Cabinet.

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 During the financial year 2018/19, £227m was spent on goods, services and works. Of this, £51m was spent with organisations based within the County Borough. The analysis of this data was undertaken using the postcode of each supplier.
- 5.2 During the first six months of the 2019/20 financial year, a total of £119m has been spent on contracts relating to goods, services and works.
- 5.3 To provide an initial summary of 'what's spent locally', we are able to analyse our data and map this spend utilising the postcode of the supplier with which we have contracted, as we did with the 2018/19 data.

- 5.4 Based on the first six months of the current financial year, the following can be reported:

Of the £119m:

£74m has been spent directly with organisations that are based within Wales

Of which:

- £70m has been spent with organisations that are based within the South East Wales Region;

Of which:

- £28m has been spent with organisations based within Rhondda Cynon Taf.

- 5.5 Whilst the data reported at section 5.4 is useful, it doesn't fully answer the question of '*how much of our money is spent locally?*'.

- 5.6 At this stage, it is worth highlighting the 'key question' that is being asked of us, contained within the [Forward Workplan which is:](#)

'This report sets out targets and plans to significantly increase the amount of money the Council spends locally, initially focusing on small and medium sized companies based in the County Borough, and South East Wales.'

- 5.7 Without a better understanding of how much is spent locally, we are unable to set any realistic targets. Therefore in order to provide a baseline, we need to undertake a review of our supply chain (top 50 initially) in order to fully understand the impact that our contracting arrangements are having on the local economy.

- 5.8 We will also need to identify the local businesses within the County Borough, which may offer contracting opportunities in the future.

- 5.9 Section 6 of this report sets out how we will undertake a baseline.

- 5.10 Section 7 sets out how we can begin the process of gathering data in relation to local businesses that operate within the County Borough, and what our plans are for the future in terms of seeking to utilise these arrangements, where we can.

6. HOW CAN WE GET A MORE ACCURATE PICTURE OF 'LOCAL SPEND'?

- 6.1 Whilst the exercise of utilising the postcode of our suppliers provides useful data in terms of mapping local spend, there are methods that we need to explore further in order to provide a more rounded and informed picture. This is an important issue to raise at this stage, as just because spend may be recorded to a supplier who's postcode is outside of the area (England for example), this doesn't necessarily mean that the local economy does not benefit.

6.2 We need to explore the following with our current suppliers:

Concentrating initially on our top 50 suppliers, undertake a detailed review of supply chains:

- How much each supplier within the top 50 spends with companies that are based within Rhondda Cynon Taf? For example:
 - If they sub-contract, then have they sub-contacted to local businesses?
 - If they purchase goods for use, have they used companies based within Rhondda Cynon Taf?

Understanding our suppliers workforce(s)

- Seeking to establish an understanding of their workforces.
 - How many individuals from within Rhondda Cynon Taf do they employ to deliver services to us?

6.3 In addition to the financial aspect of our contracting arrangements, some contracts also require our suppliers to deliver what are known as Community Benefits e.g. apprenticeship schemes on construction projects. At the moment, we do not have a central repository that captures these added-value benefits. This is an area for improvement that we are aware of, and are currently putting the necessary arrangements in place to address this issue ([Link](#)).

6.4 In summary, in order to get a better idea of 'how much of the Council's money is spent locally', engagement will take place with our top 50 suppliers. An update on this review will be reported back to the Group in June 2020.

7. IS THERE POTENTIAL TO ENGAGE WITH AN UNTAPPED LOCAL NETWORK OF BUSINESSES?

7.1 During recent months, the Procurement Service has begun to work in conjunction with the Regeneration Service with the aim of identifying data sets that we have available to us that lists the local businesses within the County Borough.

7.2 Once this work is completed, it is the aim that this data will be used to engage with local businesses. We need to ensure that we conduct our arrangements in an open and transparent manner, therefore we will:

- Provide opportunities for local businesses to come and 'meet the buyer';
- Ensure that local businesses are aware of how to 'do businesses with the Council';
- Liaise with these local businesses in order to establish if they have any potential barriers to delivering contracts for us – supply and infrastructure for example;
- Seek to establish if there is any potential to deliver pilot exercises with the aim of learning lessons along the way.

- 7.3 As an example of a pilot, the work undertaken through Finance and Performance Scrutiny around establishing a register of food producers and companies in RCT could be developed into a local procurement protocol for the Council's food purchasing areas such as school catering and meals in wheels.
- 7.4 An update on this area will also be reported back to the Group in June 2020.

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 report introduces the concept of establishing whether the contracted spend that initially appears to take place with suppliers outside of the County Borough, adds value to the local economy.
- 13.3. The Council is keen to explore the potential of how we can utilise local SME's more, therefore work around mapping our local suppliers will take place, with the aim of identifying potential opportunities to introduce them into our supply chain in the future.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

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LIST OF BACKGROUND PAPERS

CLIMATE CHANGE CABINET STEERING GROUP

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Background Papers: None.