

<b>Committee</b>	Audit and Governance Committee
<b>Title of Report</b>	Keeping the Benefit Local
<b>Purpose of the Report</b>	This report is submitted following the Audit Committee's request for an update on the progress of one of the priority projects within the Council Plan, namely the <b>Keeping the Benefit Local Project</b> .
<b>Date of Meeting</b>	14.10.21
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<b>Cabinet Member</b>	Councillor Nia Jeffreys

### **Purpose of the project:**

The Council is responsible for buying a broad range of goods and services and is keen to try to ensure that local businesses can compete for and win these contracts. This in order to ensure that as much of the Council's expenditure as possible stays in Gwynedd for the benefit of the local economy.

To facilitate this, we have introduced new procurement arrangements in the Council since April 2016 and have established specific Teams that are responsible for coordinating procurement activities. We call these procurement arrangements 'Category Management'. These Category Teams focus on Procurement activities in three specific areas, which are i) Environment, ii) People and iii) Corporate. These teams are based within the following departments: Highways and Municipal, Adults, Health and Well-being and Environment, but they are all supported by the central Procurement Service, which is based within the Corporate Support Department.

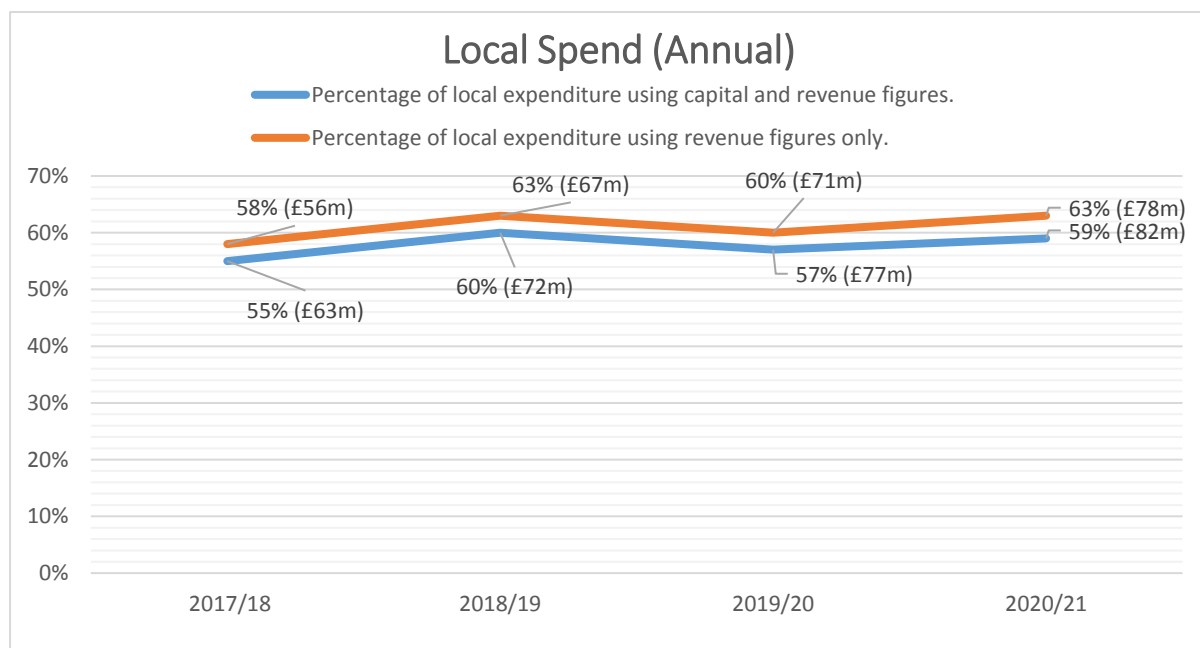
Over the past eighteen months, in response to the challenges posed by the pandemic, the Category Teams and central Procurement Service have been involved in arrangements for securing supplies of Personal Protective Equipment (PPE). The three Category Teams have been a key part of these arrangements and continue to be involved with the purchasing, distribution and stock management aspects. The People Category Team also deals directly with older people's homes and wider social services. This led to a reduction in the overall Procurement activity over that particular period, which will inevitably affect the project's progress in the short term.

### **Measures of Success: Keeping the Benefit Local:**

The main measure for measuring the success of the project is as follows:

- The percentage of local procurement expenditure with businesses within the County (Capital and Revenue Expenditure Plans)

The following graph illustrates the Council's performance over the past four years:



As seen above, the percentage has improved over this time, with the expenditure increasing from £56m in 2017/18 to £78m in 2020/2021 (a 39% increase).

In terms of the distribution across the Category Teams, this is illustrated in the following table:

Category Team	Local Percentage – Revenue Expenditure only		
	2018/19	2019/20	2020/21
Corporate	59% (£22.8m)	55% (£23.3m)	55% (£24.18m)
Environment	40% (£6m)	35% (£5.5m)	38% (£5.46m)
People	74% (£38.2m)	72% (£42.1m)	71% (£48.36m)
<b>Total Local Expenditure</b>	<b>£67m</b>	<b>£71m</b>	<b>£78m</b>

As can be seen from the table, the performance varies according to Category Team, but this is due to the nature of the relevant purchasing categories. For example, most of the expenditure within the People Category Team relates to commissioning a care provision, where the majority of the providers are based in Gwynedd. However, in the Environment Category Team, there are no local suppliers available of core materials for the Highways and Municipal area of work, therefore the local expenditure is lower as a result.

In order to further improve performance, there are a range of work streams that collectively contribute to increasing the percentage of local procurement expenditure. Below is a summary of these work streams:

## **1. Market Support Schemes**

There are a range of plans being implemented with the aim of supporting the market to submit tenders for work. These include working alongside the Economy and Community Department to identify what support is needed by local suppliers. At present, the teams provide support by:

- Supporting Local Businesses to tender – assistance packs to support suppliers to gain Health and Safety accreditations (SSIP), use of Civil Engineering contracts (NEC4) and respond to Well-being Act questions in tenders.
- Preparing the Market – they arrange and hold meet-the-buyer sessions with the teams, various construction, transport and care field contracts.

Market participation varies from scheme to scheme, but it is generally very difficult to get the market to commit to taking advantage of all the support that is available.

## **2. Innovative Procurement – Social Value Procurement Model**

This work stream is new this year and is currently being piloted. The aim is to introduce a new tender assessment methodology throughout the Council in future that will enable the Council to include a Social Benefit for Gwynedd clause as a basis for assessing the tenders.

In practice, this will mean assessing tenders using a combination of price, quality and social benefit. This introduces a new scoring aspect which means that companies are required to identify what benefits they can deliver to the County beyond achieving the core requirements of the contract e.g. companies can offer employment to staff, provide an apprenticeships scheme or provide work experience opportunities etc.

Using the social benefit clause will mean that local companies will have new opportunities to demonstrate their contribution to the local economy if they are awarded a contract by the Council.

The pilot referred to above has now reached a stage where the first contract has been offered to a supplier using the new methodology. In this case the value of the contract was calculated as £181k, but the social benefit to Gwynedd was calculated as being £105k.

As a result, the winning company have committed to employ three officers who live in Gwynedd, conduct four training sessions for social care students, provide 4 weeks of work experience for two students, offer 20 hours' worth of voluntary time to support local charities, and they have committed to 2.5 hours a week to further develop the workforce's Welsh language skills.

Without a doubt, had the Council not included the Social Benefit clause in the tender, these benefits would not have been available to Gwynedd. This is therefore a sign of the possible potential from applying the new methodology across the Council. We now intend to continue to run the pilot and identify opportunities across the three Procurement Category Teams.

### **3. Future Procurement Legislation**

In light of Brexit, new Legislation concerning local procurement has been published for low value contracts. Consequently, we have introduced a change to the procurement regulations that now allow us to advertise opportunities within the County only. In introducing the new arrangements to the Category Teams we have also attempted to identify the main categories where we can take advantage of this arrangement.

It is fair to note that these opportunities will be limited due to the thresholds set by the Government, but it does present another opportunity that the Council can use to increase the rate of Keeping the Benefit Local.

Therefore, to summarise, we have made good progress over the past four years to increase the percentage of the Council's expenditure that stays local. However, the past 18 months have been extremely challenging and have hindered the Council's ability to further improve on that percentage. The work that is in progress to recover the economy and day to day activities will mean that opportunities will emerge to improve the situation, but taking advantage of those opportunities will depend on the Council's ability to respond effectively.