



City and County of Swansea

Minutes of the **Scrutiny Inquiry Panel - Procurement**

Remotely via Teams

Monday, 16 August 2021 at 10.00 am

Present: Councillor C A Holley (Chair) Presided

Councillor(s)

P Downing
P K Jones
H M Morris

Councillor(s)

V M Evans
L R Jones
T M White

Councillor(s)

E W Fitzgerald
J W Jones

Cabinet Members

Cllr R Stewart
Cllr R Francis-Davies

Officer(s)

Martin Nicholls	Director of Place Directorate
Chris Williams	Head of Commercial Services
Nigel Williams	Head of Building Services
James Beynon	Procurement Team

Apologies for Absence

Councillor(s): B J Rowlands and M White

1 Disclosures of Personal and Prejudicial Interest

None

2 Prohibition of Whipped Votes and Declaration of Party Whips

None

3 Minutes of Previous Meeting

The minutes of the meeting on the 27 July were agreed.

4 Public Questions

There were no public questions for this meeting.

5 Procurement in the Place Directorate

The Director of the Place Directorate and associated Cabinet Members were invited to attend to present a report and discuss the issues with the Panel. The Panel were

informed that procurement in the Place Directorate falls within a number of cabinet portfolios. In attendance were Martin Nicholls, Cllr Rob Stewart and Cllr Robert Francis-Davies. Nigel Williams Head of Building was also in attendance to deal with any more detailed questions. The report and resulting discussion was based around a set of questions sent in advance of the meeting, namely:

1. A brief outline of what you procure in your department?
2. How do you ensure probity, competence, consistency of approach and alignment with the Councils strategies and objectives in your department?
3. As an example of point 2, can you outline who procures for your department and are all staff aware of who has the responsibility for this, is it the same person who authorises the transaction, is there a separation of responsibilities for ordering and receiving goods / services and are all staff aware of who has the capacity to contract?
4. How do you ensure that you procure cost effectively and transparently?
5. How do you ensure your department is procuring locally, ethically and that your procurement activities align with the Wellbeing of Future Generations Act? Can you also provide an example?
6. How do you ensure your departments procurement activities comply with the general Equalities Duty (as specified in Equality Act 2010 – Public Sector Equality Duty for Wales 2011)? Can you also provide an example?
7. What training is provided to your staff on procurement matters for example in the tendering process and on matters raised in questions 2-6?
8. How do you ensure any joint procurement activities consider points raised in questions 2-6?
9. How do you monitor your procurement activity especially ongoing contracts or service level agreements? How do you enforce those requirements? Can you also provide an example?
10. Is any of your department's procurement activity also externally audited, if so by whom?
11. Has leaving the European Union affected your department in relation to your procurement activities? If yes, how?
12. How do you believe the Council could improve on its procurement practices?

The report supplied will form part of the evidence pack at the end of the inquiry along with the following issues raised in the resulting discussion:

- Substantial procurement within the Place Directorate with 150million pound spend across the Directorate and has grown significantly over recent years.
- There is a combination of funding sources derived from capital sources, revenue funding, Housing Revenue Account (HRA) and grant funding sources. Each have their own processes for approval and alignment with the Council's strategies and Objectives.
- In terms of choice of procurement route, where applicable, frameworks are utilised for all procurement activities for both contractors and consultants to minimise one off procurement e.g. vary depending on the product purchased but would include the use of regional or national frameworks or separate "sell2 wales" adverts where suitable frameworks do not exist. Provides a simpler procurement process and has been embedded in some of the projects already in existence like, for example, City Deal.

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Cont'd

- Economically most advantageous tender is taken rather than just cost. There are varying degrees on the price matrix, most common is 70% cost and 30% quality but this will vary depending on a range of aspects and what is being contracted. We do move that line upwards especially relating to benefits (example in point 6.7 of the report was given).
- Sourcing of materials and increased cost of materials has been an issue and is now recorded as Corporate Risk. This may be due to a number of things i.e.: Covid effects, leaving the EU and possibly the issues caused by the Suez Canal blockage. It is a risk as it could impact on some of our larger projects, but the council is working to mitigate the effects of these.
- We are working on our process so that we are getting the balance right between probity/procedure and not having unnecessary barriers to some smaller contractors.
- The Leader said that the localism aspect will continue to be focussed upon to ensure the moneys we spend stay as local as possible. It is a key aspect of the council's procurement strategy.
- Thanks was given to Building Services and the Procurement Team for the critical role they played in securing stocks of PPE were available throughout the pandemic, sourcing approximately 30 million items while at the same time building the Bay Hospital.
- Encouraging local suppliers through some labour only contracts, where the contractor provides labour and we supply the materials. This is one of the ways we do our best to keep money in Swansea.
- The Panel found the report informative and comprehensive and were pleased to see the Wellbeing and Future Generations Act and the Equality Act form part of the decision making process.
- Panel felt it was a positive move to have Swansea Standard and labour only projects. They were interested in finding more out about how many local firms are engaged. The Panel asked how we scrutinise these small companies and those that may be sub-contracted out by the main contractor. They heard that large project involve the HSE through completion of an F10. Those contractors who sub contract some of their work are asked to provide us with the sub contractor's details so we can do our own checks.
- Swansea council has signed up to the Ethical Employment in Supply Chains, which helps us to identify concerns.
- We do break up some contracts to make them more attractive to smaller SME's, careful consideration is always given to how this is done. We are currently part of a pilot scheme on this with the Wales Government.
- The issue of cost of the Council's building services was raised especially in relation to Schools work. The Panel were told that there is a misconception about higher pricing. That no credible examples have been put forward in the past and often external contractors will not price fully for the work, so work is not comparable like for like. Councillors were encouraged to raise any contracts they feel have been overpriced with the department who will look into it.
- How do deal with asbestos currently. The Panel were informed that we inspect and test and use contractors to do removal via an all wales framework which Swansea manage.
- How often do we review the value of our frameworks? The Panel were informed this varies but usually every 3/5 years, there is not an inbuilt review but are

automatically reviewed when there is a break in the framework. Members asked for further information on how we assess risk and suitability of contractors for the framework and whether their credit rating increases if on a framework.

- Idea of consignment stocks was raised, the Panel were informed that we do that but we have to look at the risk and ensure it is labelled properly in case any issues occur with supplier. We do stock as much as we can in our own premises.
- A number of areas of possible improvement were highlighted in the report and these will be considered for recommendation when the Panel put together their final report at the end of the Inquiry.

The Panel requested further information on the following matters:

1. Environmental aspects
 - a) Sustainability Statement - What form does this take and who puts it together? Is the Council's ecologist/s involved? Can you provide an example of a statement for context?
 - b) In section 13.6 of the report you mention the current Council pilot project, can you provide us with a little more information on that?
2. Local procurement
 - a) How many local firms have been engaged and how many of those employ local people? Could you include the number of contracts and spend?
 - b) How do we break up projects to ensure fairness and non-preferential treatment? Can you provide a little more information on the pilot project with Welsh Government and what those requirements are?
3. Frameworks
 - a) How do we check suitability and risk status of Contractors?
 - b) Do Contractors get an increased credit rating by being on a framework with the Council?

6 Inquiry Project Plan

The Panel noted the updated Project Plan.

The meeting ended at 11.15 am

Chair