

Report of the Cabinet Member for Delivery and Operations

Procurement Inquiry – 10 November 2021

Procurement report (performance, stakeholder surveys and comparative data)

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| Purpose | This report provides an overview of the range of procurement data used at Swansea Council |
| Councillors are being asked to | consider the information given as part of the inquiry into procurement |
| Lead Councillor / Chair | Councillor Chris Holley |
| Lead Cabinet Member / Officers | <ul style="list-style-type: none">• Cllr David Hopkins• Adam Hill, Deputy Chief Executive and Director of Resources• Chris Williams, Head of Commercial Services |
| Report Author | Chris Williams |

1. Introduction

1.1 This report is provided to brief the Panel on the range of procurement data used at Swansea Council and it covers the following areas:

- Data from the Welsh Government's online procurement systems, e.g Sell2Wales (which are used by Authorities across Wales and which have been implemented to provide a common customer facing portal, so that Welsh suppliers do not have to interact with multiple different systems and also so that advice can be given on their usage by key Welsh government agencies including Business Wales).
- Data derived from 'Meet the Buyer' events - these are run periodically to gain input on proposed procurement activity.
- Contract management reporting data and its structure:- once a contract is 'live' each Council Service then takes on a contract management duty to ensure the desired contract outcome is achieved, on time and in line with the budget allocated to the project.
- Other relevant data including Sell2Wales usage and policy related developments, to provide further context to the Panel.

- 1.2 Supplier data provided has been anonymised in line with the Council's data protection obligations.
- 1.3 This report should be read in conjunction with the initial report presented to the Panel providing an 'overview of procurement' at the Council, which provide further details of the systems that are in place.

2. Welsh Government data reporting systems

- 2.1 The Welsh Government provides Local Authorities with a suite of IT-based procurement solutions, the most well-known of which is the Sell2Wales portal which is a contract advertising function, and which provides interested parties with details of contracts via a web portal and so functions as a 'one-stop shop' whereupon registering suppliers will be able to receive appropriate alerts (so an electrical contractor would receive notifications of appropriate work and not need to search through large and disparate databases).
- 2.2 The advantage of the above approach is that suppliers do not have to contact Local Authorities individually to understand their needs and requirements, and that the system provides both transparency and consistency, and especially so that appropriate support can be provided to interested companies (for example to smaller companies and those new to the public sector procurement process) by a specialised Welsh Government body – Business Wales. As an electronic-based system it also reduces bureaucracy from previous paper-based systems.
- 2.3 A standard part of the reporting tool related to the Welsh Government's system is knowledge of why interested parties did not submit bids. This data can be then monitored to understand any issues associated with the procurement process, which can be used to inform future activity.
- 2.4 Appendix A contains sample feedback provided for the Panel's review, within which one can see the parties that registered for the tender, and then specific responses from those that did not bid, containing their rationale for withdrawing.

3. Data derived from Meet the Buyer events

- 3.1. Meet the Buyer events are run periodically to brief interested parties on the Council's approach and these are particular useful where the item in question has not been procured for some time or there may be innovation that needs to be factored into a specification, and so the Council can receive feedback on such matters.
- 3.2 Whilst they are not part of the tender process itself (they occur pre-tender and one could see them as part of the commissioning process / informing the final specification), they have a place in the wider route to market procurement process as described above.

- 3.3. In the past twelve months the Council has sought to invest to in playground infrastructure through its Capital Play Investment Programme and a 'meet the buyer event' was held to gain supplier interest and input. Feedback from those that attended is provided in Annex B, together with an overview showing how the meet the buyer event fits into the procurement process.
- 3.4 As articulated by Amanda Carr, Director of SCVS at the last Inquiry meeting, there are other fora where the procurement-related issues of the Council are discussed, so for example in the social care field Amanda noted, with regard to the Council-Third Sector 'Compact' arrangements –

"I would praise the local authority for its work in this space over the last 2 to 3 years in its growing emphasis on cooperation around the specifications for services which are going to be sought from the third sector".

4.0 Contract management

- 4.1 Every Council contract is assigned both an authorised officer (responsible for the contract) and a responsible officer who is the budget holder, and this responsible officer role is assigned to one of the Heads of Service in the Council, so for example a contract related to property maintenance would come under the area the head of corporate property services. This is important because much effort is put in to ensure that there are no duplicated contracts in the Authority (for example two departments buying the same thing), so the contract manager will facilitate access to their contract from other departments and also build up their own specialism in that area of work.
- 4.2 Contracts themselves are tendered on the basis of specifications which can then be performance managed and such work is vital in ensuring the Council achieves the outcomes that it desires from its delivery partners / suppliers.
- 4.3 Each contract is typically based on a common set of Council terms and conditions (so for goods, services or public infrastructure works) and terms are then supplemented by the exact specification for the goods, services or works in question.
- 4.4 In Annex C reporting forms are provided showing how regular performance management is enacted by the Council for the following:
- Works contract monitoring (civil engineering)
 - Social Services monitoring (housing support programme)
 - In addition further narrative related to the monitoring approach adopted by Social Services and Digital Services (housing support

and service desk software) is shown in 'contract management narrative'

- And, for a large project, a sample contract management report overview is provided to show the elements that are considered on a regular basis (attachment PRU client progress report)

5. Other relevant data and policy developments

- 5.1 Data related to the use of Sell2Wales is contained in Appendix D, which shows the volume and breadth of opportunities that are advertised. As noted above a supplier would register against a certain industry code and then receive electronic alerts as soon as the opportunities are live. Interested parties would have the opportunity to question the Council through the tender portal, to seek further information. Should any party express an interest in learning about how the portal itself works then they would be referred to the Welsh Government's Business Wales for further advice, support and training. Table 1 below shows the process format.
- 5.2 Procurement also provide a range of useful tools to help map timelines for projects - please see also included in Appendix D a Gantt chart document that facilitates understanding of the complete timeline of a procurement process, from initial consideration through to go live. It is designed as a checklist for departments to use and to aid planning.
- 5.3 We have also introduced an electronic tool which allows for the signing of contracts and this has delivered significant savings (estimated at 24,000 less pages printed in just Commercial Services) and importantly enabled continuity of service during the covid-19 pandemic.
- 5.4. The Council also undertakes bespoke data gathering and prior to the pandemic looked at the accessibility of tender opportunities to small companies in the construction area, from which three key variables were identified as potential barriers to such organisations:
- The size of contracts: - certain respondents expressed the opinion that they would not have the internal capacity to manage large contracts;
 - accreditations - it was noted by certain respondents that they may not have the industry / professional accreditations that the Council may seek (these professional/ industry certifications are dependent on the requirement, so someone installing gas boilers would need the appropriate industry accreditation due to safety considerations), and
 - financial strength – some companies noted that their financial strength was not large enough to be considered for a Council contract (the Council typically seeks a 2:1 guideline ratio of twice turnover to contract value in line with Government best practice).

The output from the above work is now integrated into our analysis of contract design with recent small works contracts for example split into components by job size (to make it them more accessible to SMEs - and

this is the 'lotting' activity was discussed at a previous Panel meeting – whereby the Council might break large programmes of work into smaller projects in order to enable SMEs to bid for this work). Also, companies are advised that where they do not have a 2:1 financial strength ratio they can submit further evidence of how they meet the requirements of the Council and that can then be considered. Where the Council does work with a larger entity then any of its subcontracting opportunities are then advertised on Sell2Wales to assist local companies.

- 5.4 At the Welsh Government's level there is a continued focus on procurement activity in Wales with the major feature of the current landscape a proposed reform of the U.K.'s 'public contract regulations' (which dictate the rules around how we go to market for tendering our requirements – a link to this work has previously been sent to the Panel for its further review). As part of this review of the UK regulations there is an integral debate on data reporting and the desired centralisation of procurement data (both of which are integrated into the new legislation, so there would be a large expansion of the electronic systems for procurement to generate comparative data); separately the Welsh Government is currently commissioning a review of procurement support, targeting the creation of a Procurement 'centre of excellence', which would seek to develop comparative data for procurement across Wales and support practitioners across Wales in obtaining the best outcomes from public funds (and a recent Ministerial advisory group noted that Swansea might be a good home for such a unit due to the best practice that the Council has shown in this area).
- 5.5 As noted by Adam Hill, Deputy Chief Executive, at the Inquiry's session reviewing procurement practice within the Resources Directorate, the Welsh Government provides a benchmark staffing ratio of one qualified procurement professional per £10m of spend, which would equate to some 26 staff in Swansea, but at this time the Procurement department has 8.5 staff, and so expanding this staff base is now under consideration to both support and enhance the focus on procurement best practice within the Council.

TABLE 1

| | Under £10,000 | Goods & Services | | | Works | | | Above Threshold |
|--------------------------------|---|--|---|---------------------------------------|---|---|---------------------------------------|---|
| | < £10,000 | £10,001 - £25,000 | £25,000 - £140,000 | £140,001 - EU Threshold | £10,000 - £140,000 | £140,001 - £500,000 | £500,001 - EU Threshold | |
| Quotation or Tender | Quotations | Quotations | Quotations | Tender | Quotations | Tender | Tender | Tender |
| Process | Best value considerations | Invite a minimum of 4 quotations | Invite a minimum of 4 quotations | Tendering procedures apply | Invite a minimum of 4 quotations | Tendering procedures apply | Tendering procedures apply | UK Public Contract Regulations apply |
| Advertising | Not normally advertised, Buyer discretion as to whether the opportunity is advertised | Buyer discretion as to where the opportunity is advertised | Openly advertised on Sell2Wales, with exceptions allowed by agreement of Procurement | Openly advertised on Sell2Wales | Four quotations shall be sought from appropriate suppliers using Sell2wales or suppliers registered on Constructionline | Openly advertised on Sell2Wales or alternatively six quotations shall be sought from Suppliers registered on Constructionline | Openly advertised on Sell2Wales | Adverts must be published in FTS |