

DATE	20th October 2016
FOR THE ATTENTION OF	The Corporate Scrutiny Committee
TITLE	Report on the progress of the Keeping the Benefits Local strategic plan
PURPOSE	Update for the Corporate Scrutiny Committee on 20th October 2016
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This report is submitted following the request of the Corporate Scrutiny Committee to receive an update on the progress of implementing the new arrangements for procurement. There are responses to the three following sections including the relevant appendices.

A. Category Management - People Category

Can you please give an update of how the work programme is proceeding in the People Category? Can you explain the work programme to the Committee and the timetable for action. B) What agreements have received attention thus far, and what else is in the pipeline?

See Appendix 1 - Category Management Work Programme.

The programme lists:

- Categories
- The main milestones
- Current expenditure
- Savings Targets
- Local Benefit

The Work Programme was developed following analysis of the service expenditure on providers.

What benefit (if any) has been received from using category management arrangements in the People Category? Do you have evidence?

The Category Management Team are familiarising themselves with the new way of working. One of the system differences is that the Team is part of the consideration from the very beginning. The Team believes that one of the strengths of the system

is the emphasis on identifying and confirming the needs of users and the service early on in the process.

In terms of providers, the feedback to the new arrangements have been positive. At a recent event for providers (29/09/16), they noted their appreciation of the fact that we work in a pro-active way. There was recognition of the fact that we work in partnership towards the future.

How are service users benefiting?

Whilst we do not have many examples of completed tenders, we can state the following:

Home Care:

By using the information highlighted via work at Alltwen, we have identified that the service that has been commissioned does not necessarily address what is important to our service users. We envisage a fundamental change in future contracts where what is important to the individual will be central.

Direct Payments:

The successful provider in the Direct Payments tender can offer 'Managed Account'support - and this for the same price as the previous agreement. This assistance gives third party support on financial management of the Direct Payments - aspects that may have prevented individuals from using the scheme in the past.

B. Category Management across the Council

- I. Can you please give an update of how the work programme is proceeding in the Environment and Corporate areas? Can you explain the work programme to the Committee and the timetable for action.

The design of both Environmental and Corporate categories have been completed. At the beginning of the year engagement sessions were organised with officers who commission and procure across the Council. During these sessions, the new arrangements were presented and the opportunity was taken to receive feedback and practical observations.

The insert plan for the next main steps to be implemented are as follows:

October - December 2016:

- Officer recruitment and appointment arrangements for the new structure

January to April 2017:

- Development and training programme
- Programming work plans

- II. It was reported to the Cabinet 14/04/2015 that there were savings targets in the Procurement field of £2.3m to be met(although a timetable had not been noted). How many of these savings have been achieved (£)?

In the business case it was noted that there was a potential to achieve savings on our procurement expenditure of £2.3m over five years (2015/16 - 2019/20). £246k of this target has already been achieved.

The Business Case included a total procurement target for Children and Adults Services of £1.16m. The Services have already identified over £2.7m of schemes, with the People Category Team working with the service teams to implement these. Thus far, £2.46m of these schemes are on time for completion within their programme.

- III. What is the timescale for achieving the remainder? Is this realistic?

The timescale will correspond to the efficiency schemes that are already in place.

- IV. In December 2015, the Scrutiny members noted "there is no evidence thus far if the category management arrangements are an improvement on the previous system". Do you have evidence to prove that these category management arrangements have made a difference?

It is too soon to give evidence for all of this, but certainly the category management principles adopted have examples where detailed consideration is given to the buying strategy including market engagement.

- V. Once the Category Management arrangements have been established across the Council, where does the accountability for the different category teams lie?

Responsibility for policies and our procurement performance lies with the Cabinet Member, Mandy Williams-Davies.

The Category Teams will report professionally to the Corporate Procurement Manager and the performance accountability lies with the following Cabinet Members and Service Heads:

- Environment Category Team - Cllr. John Wynn Jones and the Head of Highways and Municipal Services
- Corporate Category Team - Cllr. Gareth Roberts and the Head of the Regulatory Department
- People Category Team - Cllr. Dafydd Meurig and the Head of Adults, Health and Well-being

We have also established a Steering Group to supervise the new arrangements. This Group will include the Head of Finance, Economy and Regeneration and the Head of Corporate Support and the Corporate Procurement Manager.

C. Keeping the Benefits Local

VI. You are requested to include the latest information on the performance on expenditure with 'local' companies:

Measuring Local Expenditure	Financial Period 2015-2016
Gwynedd Percentage of Council procurement expenditure that goes to companies within the County (if the main office has a postcode within the County)	*38%
Percentage of the Council's procurement expenditure that goes to companies with headquarters or a branch in Gwynedd as well as the expenditure that comes back into Gwynedd via sub-contracts. (data received from Atamis systems)	55%
North Wales Percentage of Council procurement expenditure that goes to companies within north Wales (if the main office has a postcode within north Wales)	56%
Wales Percentage of Council procurement expenditure that goes to companies within Wales (if the main office has a postcode in Wales)	63%

* Explanation of the percentage of expenditure that went to companies from Gwynedd 2015/16:

The reduction in the local percentage to 38% is mainly linked to the fact that providers from outside Gwynedd have managed to win a high percentage of substantial projects in the construction field. For example, see Wynne Construction company (based in Denbigh) who have won the majority of construction contracts for 'Schools in the 21st Century'. However, over £3.4m came back into Gwynedd via sub-contracts on building work at Ysgol Hafod Lon alone.

We have also seen a significant reduction, nearly £13m in the Council's expenditure in the areas of Civil Engineering and Road Surfacing, where local provision is strong.

VII. What wider benefits have been secured via the social clauses (over the last year)?

Plans to Build Schools

Up to May 2016, the Ysgol Hafod Lon Building Scheme has achieved:

- 5 students from Coleg Menai and Coleg Meirion Dwyfor receiving a week of work experience at the site.
- 3 local sub-contractors have been able to employ 10 new members of staff as a result of the project, 4 of these are permanent posts.
- 800 weeks of training have been achieved including apprentice work, training towards NVQ qualification, Leading and Management and Inspection for sub-contracts.
- Number of events supporting the curriculum.
- 47% of the project's expenditure has gone to businesses within Gwynedd.

On the horizon:

Social benefits schemes to be achieved during the construction period of Ysgol Glancegin Bangor including similar training targets.

Food Contract

Have achieved:

- Harlech Food Services offered 10 Van Assistant posts over the summer to local young people, age range 16-19. In addition, another 8 persons were employed and they returned for their second year.
- 10 children from Ysgol Botwnnog visited Harlech Foods site as part of their GCSE module in Business Studies.
- Work experience for a week for 3 children from Ysgol Glan y Môr, Pwllheli and Ysgol Syr Hugh Owen, Caernarfon.
- 10 pupils from Ysgol Dyffryn Ogwen, Bethesda visited and they were given practical experience with Cwmni Cig Llechwedd.

On the horizon:

- Harlech Foods Service and Ffrwythau DJ will contribute a food hamper every year to all Care and Residential homes in Gwynedd to support any fund raising events.
- 20 members of a local Young Farmers Group will visit Harlech Foods Service in January 2017.

VIII. There was some bad publicity for the Council as a result of awarding food contracts with local providers losing out. What further work has been done with local companies to assist them to develop the market (again an update of what has happened since January 2016)?

An independent review was conducted by Bangor University regarding the contractual arrangements of Food providers. The University presented the findings of their study to the Leadership Team during its meeting on 6th of September.

The University's main observations were:

- A comprehensive system and process
- Heartening results to keep the benefit local and save money despite the poor publicity.
- Where appropriate, you should strive to place more emphasis on the strengths of local businesses in the criteria. However, this is difficult bearing in mind the legal restrictions and financial pressures on the Council.
- Businesses need to understand and recognise why they do not win contracts in order that they can prepare better for next time.

In addition, to assist local business the Procurement Unit and the Business Support Unit have:

- Raised awareness of procurement opportunities by staging events and raising awareness through communication networks.
- Offer support with specific tender opportunities such as Direct Payments, Grass Cutting and recently Day Care and Renovation of Water Pipes with Cartrefi Cymunedol Gwynedd.
- Market engagement as well as analysing the Council's expenditure to identify obstacles to businesses and local enterprises to be able to compete for work.
- Create guidelines and best practice for buyers and local businesses.

IX. What were the results of those contracts and have lessons been, and to be learnt?

Direct Payments: There was early market engagement to raise awareness of the opportunity and from where to receive support. Despite this, the Rowan company from England was successful. To ensure local benefit, one condition of the contract is that the successful company will have a local presence. Rowan has established a branch at Parc Menai, Bangor and is able to provide a bilingual service.

Grass cutting: There was a substantial effort to engage and identify 24 local companies able to compete for the opportunity. One to one meetings took place to receive comments regarding obstacles to be able to compete as well as from where to get assistance. A workshop took place on 'How to Tender' via Business Wales.

A company from Flintshire won the tender for the areas of Arfon and Meirionnydd and a company from Ceredigion and Pwllheli won the Dwyfor area.

It is obvious that we need to consider how we can support local businesses when procuring Council services. Despite the support and strategy that has been adopted we cannot guarantee that local business will win via competitive and transparent arrangements.

In addition, as we analysed market feedback and the Council's expenditure patterns we saw that the opportunities were very competitive and at times the local market does not have the resources, expertise and in some cases the desire, to compete for Council work.

However, the Council is determined to try and optimise the local benefit and in future it will be a key part of the procurement strategy to reduce the obstacles and provide support to businesses and enterprises to be able to tender successfully.

To achieve this we will:

- Release regular messages to raise awareness of the opportunities and where to receive support.
- Early engagement to prepare the market.
- Support businesses to write quality applications as well as to review the processes and policies to be more competitive.
- Raise awareness and contact with some of the Council's main significant contractors in order that smaller businesses can benefit from sub-contracting opportunities.