

Corporate and Communities Overview and Scrutiny Panel Tuesday, 24 January 2017, County Hall Worcester - 2.00 pm

Minutes

Present:

Mr S R Peters (Chairman), Mr S C Cross, Mrs P E Davey, Mr R C Lunn, Mrs E B Tucker and Mr P A Tuthill

Also attended:

Mr A C Roberts, Cabinet Member with Responsibility for Transformation and Commissioning

Jo Charles (Head of Commercial), Rob Morris (Market Management & Research Manager) and Samantha Morris (Overview and Scrutiny Officer)

Available Papers

The members had before them:

- A. The Agenda papers (previously circulated);
- B. Presentation handouts for How the County Council can Support Local Businesses in terms of the Social Value Act and Locally Procured Services (circulated at the Meeting)
- C. The Minutes of the Meeting held on 15 November 2016 (previously circulated).

(Copies of documents A and B will be attached to the signed Minutes).

190 Apologies and Welcome

Councillor Stephen Peters welcomed everyone to the Meeting, which he would be Chairing as apologies had been received from Councillor Kit Taylor.

191 Declarations of Interest and of any Party Whip

None.

192 Public Participation

None.

193 Confirmation of the Minutes of the Previous Meeting

The Minutes of the Meeting held on 15 November 2016 were agreed as a correct record and signed by the Chairman.

194 How the County

The Cabinet Member with Responsibility for Transformation and Commissioning, the Head of

Council can Support Local Businesses in terms of the Social Value Act and Locally Procured Services

Commercial and the Market Management and Research Manager, Commercial Team attended the meeting to discuss how the County Council were supporting local businesses in terms of the Social Value Act and locally procured services.

During the Overview and Scrutiny Board's consultation on the annual Work Programme for 2016/17, this area was agreed as a priority for the Panel.

As part of Worcestershire County Council's (WCC) Open for Business Agenda, and its commitment to promote a World Class Worcestershire, the Council supported and promoted local business in the County or those relocating to Worcestershire in a variety of ways:

- Growing existing businesses
- Direct support, particularly for start-ups to help them survive and then grow
- Improving skill levels in the County and supporting the development of a skilled workforce
- Attracting inward investment into the County
- Acting in a business friendly way

This was in line with the Council's economic vision and was supported by the Council's Economic Development Team, Worcestershire Business Central and Worcestershire Local Enterprise Partnership (WLEP).

The Panel received a presentation which covered:

- Supporting the Local Economy
- The Commissioning Cycle
- Thresholds for quotes and tenders including Official Journal of the European Union (OJEU) Thresholds
- Example analyses – commissioned spend by value, market, size and location of supplier
- Social Value Act
- How the Social Value Act was built into the Council's Commissioning Cycle
- Ongoing developments in social value

During the discussion, the following main points were made:

- The Council supported local businesses through the procurement of goods and Council services. Low-value procurement (less than £25,000) could be done by the Council seeking multiple quotes

from suppliers. Any service that would cost more than £25,000 must be procured through an open tender process and if the value of the contract was greater than the threshold for the OJEU, the tender must also be published in this journal. (Current OJEU thresholds for local authorities were £164,176 for service contracts and £4,104,394 for works).

- The majority of the County Council's procured spend was tendered (i.e. above £25,000 in value) which means that for a supplier to be in with a chance of winning Council contracts, that supplier must tender for the work through the Council's e-tendering platform, called InTend.
- The CMR advised that the results of the Viewpoint Survey had suggested that there was a perception that there had been a reduced opportunity for local businesses to contract with the County Council, particularly in Bromsgrove and Wyre Forest. It was suggested that a lack of awareness could be as a result of the new procurement system, called InTend, which it was acknowledged needed more promotion and publicity.
- The CMR then mentioned the Commissioning Member Briefings and urged Panel Members to attend these Briefings, which were programmed to meet four times per year and give Councillors an opportunity to be appraised about commissioning proposals, implementation and review. Some of the Briefing sessions had already looked at market engagement tactics, engagement events, and procurement rules. It was pointed out, however, that these sessions were poorly attended.
- It was acknowledged that in order to attract member interest to these briefings, they may need to be delivered differently eg podcasts but any member feedback on these sessions was welcomed.
- The Social Value Act gave a mechanism to ensure that there was a process to recognise the added value of local suppliers ie competitive advantage.
- The Council had some Framework Agreements, which were agreements with providers that set out terms and conditions under which agreements for specific purchases (known as call-off contracts) could be made throughout the term of the agreement. In most cases the Framework Agreement would not itself commit either party to

purchase or supply, but the procurement to establish a Framework Agreement was subject to the EU procurement rules.

- In terms of the commissioning thresholds, for contracts under £25,000 the Council could either get quotes or tenders; it was decided on a case by case basis.
- The definition of 'local' was ambiguous as it could be County, District or a national company with a branch situated in the County or District.
- Officers formally measured on an annual basis how much of Council spend ended up in the local economy. The formula for this was an industry standard measure called Local Multiplier 3 (LM3). LM3 shows how for every £1 coming into the organisation the local economy benefited.
- A Member suggested that it can be quite difficult for small local businesses to tender for some of the Council contracts and perhaps consideration could be given to splitting some contracts into smaller chunks to attract smaller businesses to help them grow.
- Active engagement with small businesses in Worcestershire was also important in encouraging them to tender or quote.
- It was suggested that the 'Find it in Worcestershire' website was a useful resource that helped local businesses to find supply chain opportunities within the County. Businesses could also meet local suppliers at monthly breakfast meetings.

As a result of the Presentation and subsequent discussion, the Panel requested the following information:

- further detail about how social value was evaluated
- in terms of contracts below £25,000, details of how contracts were split in terms of how many were quotes and how many were tendered and also how many companies were 'local'
- real examples of cases demonstrating return on social value
- the Panel would also like details of the engagement sessions with local suppliers, so that they could attend to observe.

It was agreed that this was an area requiring more in-depth scrutiny and should be added to the post-election

Scrutiny Work Programme.

The meeting ended at 3.10 pm

Chairman