

Meeting: Cabinet

Date: 20 August 2021

Wards Affected: All

Report Title: Increasing Local Spend

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1. Purpose of Report

- 1.1 To provide information on the pilot that will be undertaken to use the SupplyDevon hub as the route to market for external Council spend between £5,000 and £50,000 from 01 September 2021 to 31 March 2022, in order to increase the level of spend with Torbay based businesses.

2. Reason for Proposal and its benefits

We want Torbay and its residents to thrive.

We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay and affordable housing for our residents.

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

- 2.1. The proposals in this report help us to deliver this ambition by increasing GVA through circulation of spend locally, ensuring equitable inclusion of suppliers on race & gender and reducing carbon emissions through local sourcing. Additionally, use of the SupplyDevon hub will support more effective use of resources by reducing the need for Procurement, Contract Management and Commissioning to be involved in low level spend, enabling resources to be focussed on high value, more complex procurements. It will also increase oversight and visibility of spend and support the Council meets its obligations to maintain a full and up to date Contract Register.

Use of the SupplyDevon hub will support the following priority domains:

- thriving people
 - thriving economy
 - tackling climate change
 - Council fit for the future
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3. Recommendation(s) / Proposed Decision

3.1. This report is for information only.

Appendices

None

Background Documents

None

Report Clearance

Supporting Information

1. Introduction

1.1 In June 2021 Government published the National Procurement Policy Statement, which sets out the strategic priorities for public procurement and how contracting authorities can support their delivery. These priorities include generating economic growth, helping our communities to recover from the COVID-19 pandemic and supporting the transition to net zero carbon. We can support these priorities, delivery of the Community and Corporate Plan and the Community Wealth building agenda by increasing the amount of Council spend with Torbay based businesses¹ from its current level of below 10%².

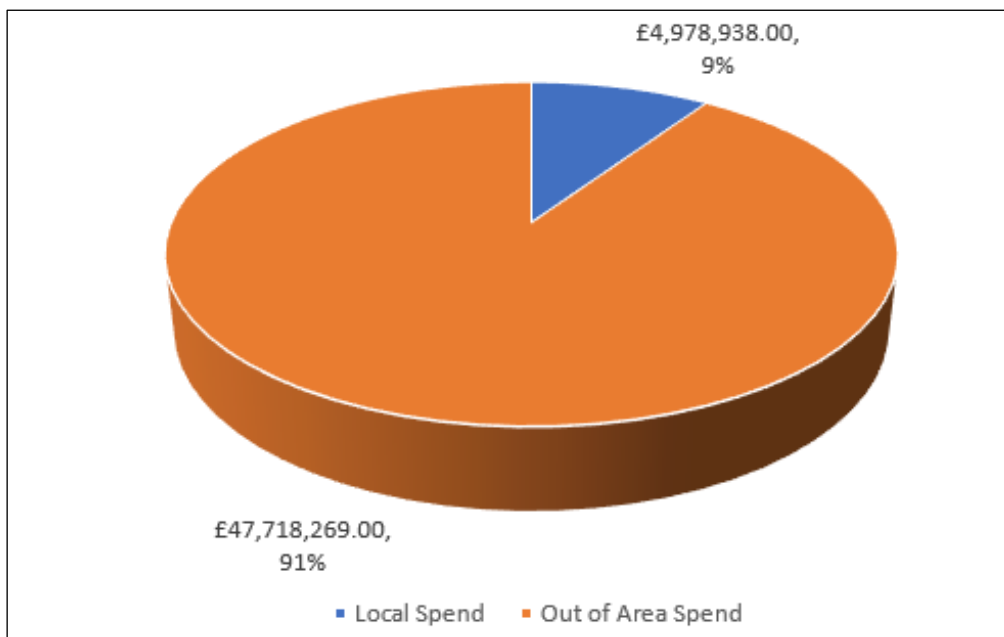


Figure 1 Spend with Torbay Based Businesses – Financial Year 2020-2021³

- 1.2 For spend between £10,001 and £50,000 Contract Procedures require contracting departments to seek quotes from a minimum of 3 suppliers, one of which must be Torbay based. The Council has no visibility as to whether this is being adhered to for spend between £10,001 and £25,001, or whether all spend over £5,000 is being published on the Contract Register.
- 1.3 As part of the response to the COVID-19 pandemic the government funded a consortium comprising Applegate (procurement portal), Ghyston (software development) and the University of Exeter (machine learning, artificial intelligence and carbon auditing) to develop a procurement platform to primarily support the purchasing of PPE. Following the successful roll out of the COVID-19 Supply Hub, the consortium was awarded further funding to develop a general Devon supply hub to support the recovery of the local economy. The SupplyDevon hub, which

¹ Businesses registered on the system with an address within the Torbay local authority boundary

² Data Source: FIMS

³ The local spend does not include spend with Council owned companies or Torbay & South Devon NHS Foundation Trust

went live in February 2021, uses artificial intelligence to identify suppliers from within the local authority boundary or wider Devon who are then invited to bid for the work. It is a simple on-line platform, free to use for contracting authorities and suppliers and is particularly suited to tail spend.

- 1.4 Use of SupplyDevon, which identifies all potential suppliers on their ability to meet the need, for low value contracts should increase the level of spend with suppliers based in Torbay or where there is no Torbay supplier registered, enable the spend to remain within Devon.
- 1.5 By using the SupplyDevon hub as our route to market for low level spend, we can:
- increase the spend that remains within Torbay (or Devon where there is no Torbay based supplier)
 - feed into the Community Wealth Building agenda, with SupplyDevon already being used a route to market for selected contracts by Torbay & South Devon NHS Foundation Trust and its use being considered by South Devon College
 - reduce the reliance contracting departments have on their own knowledge of the local supply market and the need to undertake extensive research to identify potential local suppliers
 - remove the lack of visibility around whether the current requirement to invite at least one local supplier to bid where spend is between £10,001 and £25,000 is being met
 - remove the potential for favoured suppliers to regularly be given the opportunity to bid for and be awarded work
- 1.6 It is also recognised that whilst SupplyDevon is developing, the full range of suppliers we would be seeking to use may not be signed up. There may be occasions at least initially when it cannot be used, however when an opportunity is entered on the portal the list of potential suppliers is provided immediately, so will not cause any significant delays to contracts being put in place.
- 1.7 The table below shows the contracts recorded on the Contracts Register with a commencement date during the financial year 2020/2021:

Spend Level	Total Contracts		Suppliers with a Torbay Postcode ⁴		% of Local Contracts	
					No.	Value
Up to £10,000	27	£213,406	7	£64,518	26%	30%
£10,001 to £25,000	21	£366,063	4	£63,977	19%	17%
£25,001-£50,000	29	£1,157,551	5	£193,596	17%	17%
Over £50,001	54	£50,960,187	8	£4,656,847	14%	9%
Total	131	£52,697,207	24	£4,978,938	18%	9%

⁴ Does not include spend with Council owned companies or Torbay & South Devon NHS Foundation Trust

This shows that of the 77 contracts with a value below £50,000 only 16 (£322,091) were awarded to local suppliers, with 61 contracts valued at £1,414,929 awarded to suppliers outside of Torbay⁵.

2. Options under consideration

2.1. The other options considered were:

- do nothing. This option was discounted as maintaining the status quo would not lead to change in the level of local spend.
- mandate that where a request for quote process was being undertaken only local suppliers could be invited to bid. This option was discounted as it would require a level of knowledge of local supply markets the Council does not currently have, along with the capacity to monitor compliance, which would potentially divert Procurement, Contract Management and Commissioning resource from higher level more complex procurements.
- run open tenders through the Council's current e-tendering portal for all spend over £5,000. This option was discounted as the system cannot be tailored to enable advertising of opportunities to local suppliers only.

3. Financial Opportunities and Implications

3.1. SupplyDevon allows for all identified suppliers to be invited to bid, rather than just a minimum of 3, best value can be tested across the wider market. Although it is recognised this does not consider whether suppliers based outside of Torbay / Devon could offer better value. This must be weighed up against the benefits to the local economy of keeping a higher level of spend within Torbay.

4. Legal Implications

4.1. There are no legal implications in respect of the proposal as the spend being considered is below the threshold governed by the Public Contracts Regulations 2015.

4.2. Changes to the spend thresholds and procurement processes set out in Financial Regulations and Contract Procedures will require amendment.

5. Engagement and Consultation

5.1. The pilot will be used as a means of consulting with the market before consideration is given to the permanent adoption of the SupplyDevon hub as the Council's route to market for low level spend.

6. Purchasing or Hiring of Goods and/or Services

6.1. The value of the contracts that will be put in place through the SupplyDevon hub are below the threshold set out in the Council's Social Value Policy.

⁵ Data Source: Council Contracts Register

7. Tackling Climate Change

7.1. This proposal supports climate change by reducing carbon emissions through local sourcing

8. Associated Risks

8.1. No risks identified in connection with this proposal.