



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – 16TH DECEMBER 2010**

**SUBJECT: TASK AND FINISH GROUP - LOCAL PROCUREMENT**

**REPORT BY: DEPUTY CHIEF EXECUTIVE**

---

### **1. PURPOSE OF REPORT**

- 1.1 To report on the findings of the joint scrutiny research project undertaken in partnership with Newport City Council about the local procurement undertaken by Aneurin Bevan Health Board (ABHB).

### **2. SUMMARY**

- 2.1 The Policy and Resources Scrutiny Committee agreed in July 2009 to establish a task and finish group to run a joint scrutiny project with Newport City Council. This research based project was funded by the Welsh Assembly Government's Scrutiny Development Fund and provided members their first opportunity to scrutinise another public sector body in partnership with another local authority.
- 2.2 The research project was awarded to Cardiff University and the terms of reference were:
- To define the term 'local' with respect to the purchasing behaviour of ABHB
  - Measuring the progress made by ABHB in implementing the following action points contained in the NHS All Wales Procurement Strategy 2007-2010:
    - 'All procurement departments/ Welsh Health Supplies to communicate requirements to suppliers, especially local companies, to allow them the opportunity to work up innovative solutions'.
    - 'The NHS to support the development of suppliers to improve the delivery of all goods and services'.
  - Identifying targets set for local procurement by the ABHB, actions taken to achieve these targets and the total spent locally (using the defined term for 'local' above)
  - The benefits of local procurement for the wider local economy, and a LM3 evaluation of local expenditure by the ABHB
  - The identification of further local procurement opportunities for the ABHB, Caerphilly County Borough Council and Newport City Council and other public sector bodies
  - Identifying where Caerphilly County Borough Council and Newport City Council may target support to assist local suppliers in increasing levels of Business with the NHS
- 2.3 The final report endorsed by the joint task and Finish Group is attached at Appendix 1 for information. This report will be accompanied by presentation from Professor Max Munday, Professor Kevin Morgan and Dr Annette Roberts on the main findings and recommendations.

### **3. LINKS TO STRATEGY**

- 3.1 The operation of scrutiny is required by the Local Government Act 2000 and subsequent Assembly legislation.

### **4. THE REPORT**

#### **Background**

- 4.1 The Welsh Assembly Government (WAG) have consulted on its proposed Local Government Measure which outlines its plans to widen the role of local authority scrutiny committees including the scrutiny of public sector organisations operating within its area. It is anticipated the changes will be implemented during 2011 and 2012.
- 4.2 WAG invited local authorities to submit bids to its Scrutiny Development Fund (SDF), for projects to support the improvement of local scrutiny arrangements. WAG provides 60% of the total project costs up to a maximum of £20,000, and the local authority must fund the remaining 40%.
- 4.3 Caerphilly County Borough Council made a joint bid with Newport City Council to the fund and were awarded £14,000 for a research project on Local Procurement by Aneurin Bevan Health Board (ABHB). The project was an opportunity to give Councillors from both local authorities experience of working together in preparation for the proposed changes. Members also gained valuable experience of scrutinising another public sector organisation.

#### **Project Organisation**

- 4.4 The project was managed by a project board made up of 10 Councillors, 5 from each local authority, who were supported by 2 Scrutiny Officers. Researchers from the Welsh Economic Research Unit and School of City and Regional Planning at Cardiff University carried out the research.
- 4.5 The project was a first for Members of both local authorities who worked well as a group. Cllr John Taylor chaired the group and Cllr Angela Jones from Newport City Council was elected as vice chair. Meetings were alternated between Caerphilly and Newport headquarters.
- 4.6 The project board recognised the co-operation of the ABHB who agreed to take part despite the recent reorganisation of the health boards and trusts.

#### **Project Aims and Outcomes**

- 4.7 The aim of the project was to use ABHB as a case study to examine the potential impact of local procurement on the local economy and learn from good practice, sharing the project's findings with other public sector organisations within the wider Gwent area.
- 4.8 The project board has agreed that they want the final report (Appendix 1) to be officially launched at National Assembly for Wales Senedd building by both local authorities. The report will then be circulated to WAG, the other Gwent local authorities and Public Sector bodies who have expressed an interest in the outcome of the project. The ABHB have indicated that they would like to share the report with procurement practitioners from other health boards in Wales and Welsh Health Supplies.

### **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications contained in this report.

## **6. PERSONNEL IMPLICATIONS**

6.1 There are no personnel implications contained in this report.

## **7. CONSULTATIONS**

7.1 There are no consultations responses that are not contained in this report.

## **8. RECOMMENDATIONS**

The Task and Finish group recommend that:

8.1 The conclusions and recommendations contained in section 6 of the attached report are endorsed.

8.2 The report is sent to Cabinet for endorsement.

8.3 A further report on how the Council can take forward the recommendations in the report is brought to Scrutiny and Cabinet.

8.4 Caerphilly County Borough Council and Newport City Council submit the report to WAG asking them to accept the findings and recommendations.

8.5 The report is officially launched at the National Assembly for Wales Senedd building.

## **9. REASONS FOR THE RECOMMENDATIONS**

9.1 To promote understanding and make improvements to the local economy.

## **10. STATUTORY POWER**

10.1 Section 21 of the Local Government Act 2000.

Author: Catherine Forbes-Thompson, Scrutiny Research Officer, Tel: 01443 864279  
Consultees: Jonathan Jones - Democratic Services Manager  
Nigel Barnett - Deputy Chief Executive  
Nicole Scammell - Head of Corporate Finance  
Liz Lucas - Head of Procurement  
Dan Perkins - Head of Legal Services

Appendices:  
Appendix 1 The Economic Impact of NHS Procurement – A Study of Aneurin Bevan Health Board