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Y Gweinidog Llywodraeth Leol a Busnes y Llywodraeth
Minister for Local Government and Government Business



Llywodraeth Cymru
Welsh Government

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14

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Dear William

Following OAQs on 25 September, I promised to write to you with more information regarding Local Authority contracts won by local firms in South East Wales.

The information outlining the extent to which Wales-based suppliers won public contracts during 2010-11 was issued by the Minister for Finance last October. I have attached the table which provides this information for all Local Authorities in Wales along with the accompanying letter.

Regards

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Analysis of Local Government Expenditure, April 2010 - March 2011

Organisation	Total Spend	Spend within Wales		Spend Within Authority	
Cardiff City & County Council	£265,603,935	£144,355,950	54%	£98,162,385	37%
Newport City Council	£102,336,975	£51,085,425	50%	£15,555,501	15%
Torfaen County Borough Council	£91,191,510	£40,268,576	44%	£13,346,123	15%
Neath Port Talbot County Borough Council	£180,976,611	£85,486,563	47%	£26,088,506	14%
City and County of Swansea	£178,423,109	£98,003,725	55%	£59,910,804	34%
Rhondda Cynon Taff County Borough Council	£171,510,430	£97,087,733	57%	£48,400,231	28%
Carmarthenshire County Council	£159,082,594	£103,741,448	65%	£57,748,573	36%
Caerphilly County Borough Council	£154,157,643	£82,543,270	54%	£37,335,259	24%
Powys County Council	£122,363,732	£62,829,360	51%	£33,776,036	28%
Flintshire County Council	£120,255,494	£48,610,466	40%	£31,962,093	27%
Gwynedd Council	£110,580,398	£72,983,063	66%	£40,914,747	37%
Pembrokeshire County Council	£110,424,356	£77,176,303	70%	£49,315,553	45%
Wrexham County Borough Council	£108,077,668	£40,785,213	38%	£26,638,078	25%
Blaenau Gwent County Borough Council	£102,106,988	£45,031,258	44%	£12,887,670	13%
Denbighshire County Council	£93,022,518	£45,304,935	49%	£23,219,350	25%
Vale of Glamorgan Council	£89,246,694	£47,401,075	53%	£16,519,655	19%
Bridgend County Borough Council	£79,648,347	£43,778,221	55%	£15,829,912	20%
Monmouthshire County Council	£67,179,096	£28,637,273	43%	£10,937,680	16%
Isle of Anglesey County Council	£65,120,601	£35,473,492	54%	£19,360,596	30%
Ceredigion County Council	£53,744,872	£27,947,333	52%	£17,198,359	32%
Conwy County Borough Council	£55,259,641	£21,515,067	39%	£12,366,281	22%
Merthyr Tydfil County Borough Council	£45,895,949	£22,534,102	49%	£8,334,125	18%

£2,526,209,160 £1,322,579,849^{*} 52.35% £675,807,517.37 26.75%

* - individual authorities have noted that where local, detailed analysis of this information has been undertaken, the proportion of this expenditure that is spent within Wales and within local authority boundaries is in fact higher than is recorded above.

I attended the Enterprise and Business Committee meeting on 27 September, and offered to provide information regarding the outcome of the exercise to analyse Welsh public procurement expenditure.

We have employed the services of a third party provider to capture and analyse extracts from creditors' ledgers from the Welsh Government, and local government and NHS sectors. The process has involved cleansing the data to remove any non-procurement expenditure, mapping the information to a common classification system and also recording the supplier location through their payment address.

A total of £3.8bn has been analysed. We have used intelligence relating to the higher and education sectors gathered from previous procurement spend analyses to estimate that the Welsh public sector spends approximately £4.3bn per annum through procurement.

Of the expenditure analysed, I am pleased to report that this indicates that suppliers based in Wales now win 52% of our contracts. This is encouraging progress from the starting point of 35% in 2004.

Within the local government sector, we have found that up to 70% of council expenditure can be won by Wales-based suppliers. Annex 1 attached provides a summary of expenditure by individual local authority. There are many factors that influence these outcomes, including proximity to the border with England, but this data will help us better understand why local suppliers achieve varying degrees of success across Wales.

I must stress, however, that these figures do not provide the full story. The information is based on historical creditors' ledger extracts data, showing only invoice address and provides no detail regarding jobs in Wales, supply chain impact or business HQ location.

We know through our Community Benefits policy that even where payment is made to businesses outside of Wales, this approach allows procurement to deliver positive impacts for our communities. To illustrate this point, I have attached at Annex 2, a summary of the outcomes achieved through 13 construction projects that have completed the Community Benefits measurement tool to. I am pleased that the September 2012 Trades Union Congress resolution on procurement was supportive of our approach to Community Benefits. I have established a Task and Finish Group to pursue further opportunities that can be delivered through this innovative policy.

During the Enterprise and Business Committee meeting, reference was also made to Scottish suppliers winning 75% of public contracts in Scotland. This figure relates only to contract award notices posted on Public Contracts Scotland (the Scottish equivalent to www.sell2wales.co.uk). It has not been arrived at through an analysis of procurement expenditure and is therefore, not a like-for-like comparison. We have received confirmation from the Scottish Government that their analysis of procurement expenditure in the same period indicated that 59% of expenditure was with suppliers based within Scotland.

The current sell2wales website does not provide the equivalent contract award data automatically. We expect to see this introduced when the new sell2wales website goes live during 2013. However, my officials have been manually monitoring contract award notices for major construction contracts. Over the last two years the number of contracts or places on frameworks awarded to businesses with their HQ in Wales rose to two-thirds of all awards.

We will use the information that has been generated through this latest analysis exercise to help shape and develop our procurement policy and improve capability across Wales.