

# Overview and Scrutiny Committee

28 November 2017



<b>Title</b>	Procurement and Small and Medium Sized Businesses (SMEs)		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Sandy Muirhead		
<b>Cabinet Member</b>	Councillor Tony Mitchell	<b>Confidential</b>	No
<b>Corporate Priority</b>	Economic Development		
<b>Recommendations</b>	<b>To note the report</b>		
<b>Reason for Recommendation</b>	<b>Procurement in the public sector requires compliance with the Public Contract Regulations</b> <b>Encouragement given to SME's wherever possible</b>		

## 1. Key issues

- 1.1 It is recognised that local authorities should encourage small and medium sized businesses (SMEs) to develop in their areas and contribute to the local economy. One area local authorities can encourage local companies is through the purchases they make.
- 1.2 However, local authorities in their procurement of goods and services are required to follow the public sector procurement regulations for reasons of transparency and demonstrating value for money in spending taxpayer monies. The Council also abides by its Contract Standing Orders when determining the method and process to be followed when procuring services of varying financial values. The local authority does have some additional flexibilities under the Social Value Act allowing us to take into account economic development (such as apprenticeship provision in the supply chain), environmental and social criteria when awarding contracts.
- 1.3 The Council has recently changed its e-tendering and procurement provider to In-tend. This allows Spelthorne Borough Council to procure services through the Shared South-East Portal. The Portal is a collaboration between public sector authorities in the South-East region to provide a simple, secure and efficient way for managing sourcing and quotation activities, reducing time and cost for buyers and suppliers. This is used by Surrey County Council, nine Surrey Boroughs and Districts, all East and West Sussex authorities plus Slough and Brighton and Hove. By being part of the Shared South East Portal, SBC will be able to identify common purchases in other

authorities thus providing opportunities for efficiency gains and savings on price.

- 1.4 In terms of getting local businesses and suppliers more involved in procurement, they could be encouraged to register on the Shared South-East Portal. This would allow Spelthorne's local businesses to:-
- See what opportunities are available from all authorities (including Spelthorne) using the Portal
  - Register to bid for public sector business from any authority using the Portal
  - Access support and guidance on making the best bid possible
  - Find out more about the purchasing authorities (buyers) including links to other work opportunities over a wider geographic area thus enabling a business to expand beyond Spelthorne.
- 1.5 To encourage and to make local business aware of the Council's likely purchases we attend events such as the Heathrow Business Summit regional road show. The event is seen as a unique opportunity for SMEs to get a foot in the door and capitalise on the business opportunities available at Heathrow. Local authorities surrounding Heathrow also attend thus allowing businesses to be aware of how local authorities procure and the services they are likely to require.
- 1.6 We recently appointed a Procurement and Contracts Manager to develop our procurement strategy which does reference working with SMEs, including promoting awareness of the Council's procurement approach through the Spelthorne Business Forum and identification of barriers/solutions to the Council doing business with SMEs and the voluntary sector. With a resource in place we can ensure that local businesses are aware of our requirements for future procurements. **Appendix 1** suggests some possible actions to encourage engagement on procurement involving local businesses.
- 1.7 Local procurement by SBC is something that we have tried to promote over the years with limited success. However, over time with a procurement and contract management resource now in place plus a strengthened Economic Development team it provides opportunities for change over a period of time

## **2. Options analysis and proposal**

- 2.1 Working with local businesses encourages economic development and we will therefore endeavour to ensure that they are aware of future procurements. This report therefore provides an update on recent Council activities in procurement. Possible suggestions of ways to assist local businesses are listed in **Appendix 1** but are subject to agreement through formal Council processes.
- 2.2 Not to do so will impinge on the Council's ability to deliver social and economic value locally.

## **3. Financial implications**

- 3.1 None at this stage.

**4. Other considerations**

- 4.1 As outlined in our Procurement Strategy, we will take account of Equality and Diversity, and Sustainability in any purchases we undertake.

**5. Timetable for implementation**

- 5.1 N/A.

**Background papers: None**

**Appendices: Appendix 1 Options**

## Appendix 1 Options

As part of our commitment to increasing procurement locally (complying with all procurement standing orders) we could also consider a number of options:-

- Hold an event for Spelthorne businesses to encourage them to register on the South-East Portal – The Economic Development team are currently in the early stages of discussions about potentially holding a North Surrey joint procurement awareness event involving Spelthorne, Runnymede & Elmbridge Councils for business situated in the three boroughs.
- Our Contract Standing Orders presently stipulate that only a confirmation of price is required for any spend below £5000 so this provides opportunities to use local suppliers who can render such a service. The Economic Development Team could carry out research on behalf of all service areas and pull together a list of such local SMEs together with their suitability for the various services. Obviously the quality and value for money has to be at least equal to existing standards.
- Under our Contract Standing Orders for purchases between £5,001 and £40,000, the Standing Orders require at least 3 quotes from suppliers. However, the procurement does not require to be advertised via 'Intend' and the whole process can be approved within the Spelthorne BC. The Economic Development team could again research service areas and opportunities for SMEs.
- Procurements between £40,001 and £100,000 again require 'at least' 3 quotes from suppliers **but should be advertised on 'Intend'** which would mean it would be run as a "relaxed tender" (i.e. a request for quote (RFQ)) and local suppliers registered on the Intend system can be contacted directly and are able to submit quotes. However, as the Council is bound to obtain best value in its procurement activities, local businesses would have to show that they provide best value to compete with suppliers out of the Council's catchment area as suppliers outside of the Council's jurisdiction can't be prevented from submitting quotes, if registered on 'Intend'. An alternative option with spends between £40k -100k is for the Council to purchase off frameworks. In such circumstances local suppliers would have to be registered on such a framework to be considered.
- Therefore local suppliers can be encouraged to:
  - a) Register on frameworks, Dynamic Purchasing Systems (DPSs)
  - b) Make available to the Economic Development team a list of frameworks that they are registered on to enable us to more easily access them if required
- We do hold information on our website concerning procurement but we are conscious that this needs reviewing and updating, which will take resource to complete by spring 2018.

- If there are requirements for goods/services below the threshold that demands a prescribed process, they could be advertised via local business networks (Spelthorne Business Forum/Local Chambers of Ashford/Sunbury / Shepperton/Staines BID). If we clearly plan our procurement processes in the future the above suggestion could be most useful for spends between £5k and £40k.
- At a Spelthorne Business Awards event planned for late 2018 we could have a section for the 'Best Local Supplier' for SBC which may promote and encourage other Spelthorne businesses to engage with the Council.