

Report to: **Cabinet**

Date: **28 April 2009**

By: **Deputy Chief Executive & Director of Corporate Resources**

Title of report: **Scrutiny Review of County Council procurement with local Small and Medium sized enterprises (SMEs)**

Purpose of report: **To respond on behalf of all departments to the recommendations of the Scrutiny Committee**

RECOMMENDATIONS

The Cabinet is recommended to:

- 1) note and welcome the report of the Scrutiny Committee; and**
 - 2) advise the County Council that, in considering the report of the Scrutiny Committee, the Council be recommended to welcome the report of the Scrutiny Committee and to agree the response of the Deputy Chief Executive and Director of Corporate Resources to the recommendations and their implementation as set out in the action plan attached as Appendix 1 to this report.**
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1. Financial Appraisal

1.1 At this stage the only financial implication to the Council of the recommendations made is in terms of officer time. There are potential financial benefits to the local economy should the action taken result in more business opportunities for local SMEs. The Council is already taking action to support local businesses as part of the package of measures to combat the current recession agreed by Cabinet in January 2009.

2. Background

2.1 The Council has a positive record in relation to procurement and the local economy. It has led a project that resulted in all Sussex councils signing the Government's Small Business Friendly Concordat, has an award-winning Compact with the voluntary sector, which includes procurement, and was assessed by the Federation of Small Businesses to be the 6th most small business friendly south-east council in 2007. In the light of the current economic situation we are assessing further ways in which we can support the local economy and deliver the Council's new policy steer on this area. We have already moved to ensure our tender information is available to all companies via the South East Business Portal and are assessing changes to our tender thresholds, reductions in payment timescales and opportunities for repackaging of contracts into smaller lots more attractive to smaller companies. The Council has also reviewed its payment arrangements for local SME and has reduced average payment days to 15 days. The action plan responding to the recommendations made by the Scrutiny Committee is attached as Appendix 1 to this report.

3. Context

3.1 The Council's Procurement Strategy Manager has acted as procurement adviser to the Scrutiny Committee and will continue to advise their further meeting during 2009. A number of other officers, particularly from Property CRD, Adult Social Care Supporting People, Children's services Fostering Services and Transport and Environment Passenger Transport have also given evidence and advised the Committee.

The key theme of the Interim recommendations is about increasing transparency when engaging with SMEs before, during and after the setting up and operation of Council Select Lists and Framework Agreements. All the recommendations are welcomed.

4. Conclusion and Reason for Recommendation

4.1 The Council has a strong record in local procurement and has made good progress over the last few years, with sustainability considerations now being more consistently embedded into procurement practice. Further improvement is still required for us to meet our aim of achieving excellent procurement in relation to the local economy, and these recommendations provide us with the evidence to do so.

SEAN NOLAN, DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF CORPORATE RESOURCES

Contact Officers: Duncan Savage

Tel No: 01273 482330

Jonathan Campbell

Tel No: 01273 481847

Appendix 1 Scrutiny Committee Recommendations and Departmental responses

Recommendation 1.

Contracting departments should publish clear information on the Council's website, and elsewhere as appropriate, about how the select list process operates, to include:

- a) the list of approved contractors, subdivided into categories where appropriate**
- b) the procedure by which firms are called off the list to deal with ad hoc work or invited to tender**
- c) The principle of rotation being used including who decides how to allocate each piece of work and the factors used.**

Response:

ESCC currently has an information section on Select Lists and Framework Agreements on its procurement pages of the ESCC Website. The link is Business/ doing business with us/How to tender for business/ Approved supplier lists.

All business units who currently have select lists and/or framework agreements have agreed to provide the additional information requested and this will be added to the Website

Recommendation 2.

Contracting departments should publish clear details about how the framework system operates including:

- a) the list of framework contractors for every framework**
- b) the procedure by which contracts are allocated to framework companies.**

Response:

All business units who currently have select lists and/or framework agreements have agreed to provide the additional information requested and this will be added to the Website

Recommendation 3.

All information published by the Council on its website about procurement processes, and details of select lists should include an email contact address to enable SMEs to communicate with the Council more easily.

Appendix 1 Scrutiny Committee Recommendations and Departmental responses

Response:

The ESCC Website procurement pages already have key contact information to help enquirers find out more about the main spend categories. There is a common email address: procurement@eastsussex.gov.uk managed by Corporate Procurement to help those enquiring for other spend areas or making general enquiries. All information to be added regarding Select Lists/ Framework Agreements etc will have key contact details

Recommendation 4.

Council departments to be encouraged to arrange ‘meet the buyer’ events for SMEs where benefits can be identified: such informal meetings would enable two way communication: from the Council about the types of contracts and subcontracts coming up, also to involve the framework contractors; and from suppliers about the kinds of contracts they would be interested in.

Response:

“Meet the Buyer” type events are already well established within Sussex and other parts of the country, generally organised by a specialist business body such as B2B, and always in conjunction with the local Chambers of Commerce/ Business Link etc. Councils are routinely invited to take their place at such events which give interested companies 5 minutes a go to talk about themselves and for us to tell them about our procurement opportunities. The problem with such events is that the spread of categories (goods/ services) is generally not wide enough to give full scope/ high enough match of buyer to supplier and the outcomes can therefore be quite limited. Having said that ESCC have supported such events over the last 10 years and continue to do so when there is enough evidence of relevance to current opportunities and locality.

Most departments have held pre-advert/ pre-tender “Meet the Buyer” events to attract interest and explain any specific procurement requirements, however, they may not have involved the current framework or other select list contractors. The potential to make more focused use of existing “Meet the Buyer” type events will be discussed with departments. There is also scope to explore how best the Council can work with its framework contractors and local companies to improve potential for expansion of the role local SMEs have as sub-contractors We are also actively researching specialist “Supply Chain Network” events used in other areas..

Appendix 1 Scrutiny Committee Recommendations and Departmental responses

Recommendation 5.

Contracting departments should publish forward procurement plans, together with lists of contracts awarded and forthcoming opportunities available that are likely to be of interest to SMEs; this will assist SMEs to better assess whether to engage in the procurement processes of the County Council.

Response:

Departmental (contracts units) 3 year forward plans for procurement already exist as part of the ESCC Procurement Strategy, and are already available for external viewing by SMEs and others on the ESCC Website under **Business/ Doing Business/ Business profile**- the relevant document (ESCC Procurement Strategy) has now been elevated nearer the "Doing Business" page, improving visibility/ accessibility etc

All Contract awards and forthcoming business opportunities (tender notices) are now placed via the **SEBP (South East Business Portal)**; a high level link straight from the ESCC Website procurement pages to the SEBP site, in line with other Sussex councils. Current corporate contracts are also loaded on the SEBP site and discussions are taking place with depts about the practicality of placing all Council contracts on there