

29 June 2020

Report to: Cabinet

Lead Cabinet Member: Cllr John Williams

Lead Officer: Peter Maddock, Head of Finance and Section 151 officer

Review of Barriers to Council Procurement for Small and Medium-Sized Enterprises Task and Finish Group

Executive Summary

1. The report provides an update on the implementation of each of the recommendations from the Barriers to Council Procurement for Small and Medium-Sized Enterprises Member Task and Finish Group which were approved by Cabinet on 6 March 2019.

Key Decision

2. No

Recommendations

3. It is recommended that Cabinet:
4. Review the actions that have been undertaken over the past 12 months to reduce the barriers to council procurement for small and medium-sized enterprises (SMEs) prior to the report going to Scrutiny and Overview Committee.

Reasons for Recommendations

5. When they approved the recommendations from the Barriers to Council Procurement for SMEs Member Task and Finish Group in March 2019, Cabinet requested that progress against the agreed recommendations be reviewed in 12 months.

Details

6. The Barriers to Council Procurement for SMEs Member Task and Finish Group met during 2018. The purpose of the Group was to consider how the Council could facilitate SMEs and procure work in a cost effective, reasonable and proportional manner from them. They also reviewed the barriers to SMEs securing contracts with the Council. This work formed part of the Scrutiny and Overview Committee's work programme for 2018/19.
7. The Task and Finish Group was chaired by Councillor Grenville Chamberlain. Its other members were Councillor Sarah Cheung Johnson and Councillor Brian Milnes. Sean Missin, Procurement Officer, and Johanna Davies, Economic Development Officer, provided advice and support to the Group.
8. The recommendations of the Task and Finish Group were approved at Cabinet on 6 March 2019. They focused on a series of small, manageable changes to improve the accessibility of council contracts to local SMEs. Cabinet also approved a recommendation to review progress against the agreed recommendations in 12 months. An update on each of the approved recommendations is provided below.
9. To support this report, a breakdown of SME's and local suppliers for the procurements that were undertaken in 2018 and 2019 can be found in Appendix A.
10. The figures show an increase in the proportion of successful tenderers who were SMEs, local to Cambridgeshire or local to the districts adjacent to South Cambridgeshire during the second half of 2019. It also shows that whilst the proportion of all SMEs tendering for council contracts increased over the same period the proportion of local companies tendering fell slightly.
11. Due to changing nature of the type and scale of procurements over a short period of time, despite the positive direction of the indicators for successful companies, it is difficult to reach a definitive conclusion from the data analysed on the impact of the work that has been done by officers. A longer timeframe is required. A new system for collecting and analysing this data over the longer term will be put in place during 2020.

Update on recommendations

Recommendation 1: Review and simplify the tendering documentation for council contracts below the EU Procurement Thresholds.

12. The Council's Invitation to Quote and Invitation to Tender documents have been reviewed and simplified. This includes the application forms, bidding instructions and terms and conditions. The new documentation has been in use since April 2019 and positive feedback has been received both from users and from procurement experts external to the Council. Before and after ITT documents can be found in Appendices B and C.
13. As a result of concerns around the insurance and indemnity levels required for Council contracts, in response to the 2019 report, EMT requested that the provisions included in these contracts be reviewed as part of the review and simplification process.
14. In consultation with Legal Services, from April 2019 a more flexible system was put in place which allows the insurance and indemnity levels required by any contract to be altered by the client in consultation with the procurement officer based on an assessment of commercial risks and the nature and size of the contracts.
15. Officers are asked to note that from the 1 February 2020 although the UK has left the EU, EU procurement law shall continue to apply during the transition period. However, from the 1 February 2021, instead of advertisements being placed in the Official Journal of the European Union (OJEU) they will be placed on a UK replacement portal.

Recommendation 2: Develop, promote and run a minimum of two procurement workshops for local SMEs during 2019.

16. Procurement workshops were held in May 2019 and June 2019. In total, 17 business representatives attended the training sessions. Feedback has been positive, with attendees finding the presentation from the Council's Procurement Officer and the opportunity for discussion very useful. The two-way discussion that was generated during the workshops; the opportunity to hear the 'business' point of view, has also been useful and will help guide future work in this area.
17. It is intended to run additional workshops during 2020/21. A number of methods were used to promote the 2019 workshops including business newsletters; a business rates flyer; social media; partners websites and newsletters and requests for amplification from members. However, further, more intensive work, will be required to promote the scheme and generate additional attendees. Discussions are taking place regarding whether joint sessions with other public authorities could also be run for local SMEs.

18. Since undertaking these actions, the Council has created a Business Development Team and the ongoing workshops will be carried out in liaison with this new team.

Recommendation 3: Investigate how SCDC could increase awareness of contract opportunities locally whilst complying with the UK Regulations

19. Work to identify potential methods to increase awareness of contract opportunities locally is ongoing. Consultation has taken place with businesses and with procurement experts across the UK including Preston and South Tyneside councils. Indications suggest that simple supplier sourcing and engagement techniques are a key method of increasing take up from local companies. SCDC's first steps towards this has been the use of the Open for Business register and newsletter.

20. Feedback from businesses has indicated that increasing awareness is not the only issue that will need to be addressed to encourage local businesses to tender for council contracts. At present all contracts over £25,000 are advertised on the national 'Contracts Finder' portal. Smaller businesses, who do not have the experience and resources of larger, national companies can be disadvantaged by this and can be discouraged from submitted quotes/tenders. Discussions have taken place with other authorities as to how they have addressed this issue, for example, Preston only advertise contracts over £75,000 on Contracts Finder. However, at this time the research to establish the appropriate levels is ongoing and a report will be taken through the appropriate committees when the data analysis is completed.

Recommendation 4: Review and update the council's procurement web pages to ensure that they are 'SME friendly'.

21. SCDC's procurement web pages have been updated to provide greater clarity on how businesses can apply for council contracts, where they can access information on the opportunities that are currently available and the documents that will help guide them through the process. Additional information has also been included to signpost businesses to opportunities available from other public sector organisations in the local area.

Recommendation 5: Work with the Sustainable Communities and Wellbeing team to develop a series of potential 'social value' examples.

22. A series of 'social value' examples have been established (see Appendix D) and these, and an explanation of the what the Council is looking for in relation to 'social value', forms a key part the procurement workshop presentation and discussion.

23. Following SCDC's declaration of a climate emergency, these examples will be supplemented with decarbonisation examples. Key criteria around decarbonisation have also been included in ITQ and ITT documents. For

example, ensuring that the business is monitoring their CO2 emissions, has plans to reduce and is prepared to provide clear commitments to reduce their emissions within their operation and for the service they are undertaking during the contract term.

Recommendation 6: Review the late payment of invoices with the South Cambridgeshire District Council's accountancy team.

24. The Council's performance target for payment of invoices within 30 days is 98.5, the statistics for 2019 are as follows:

Month	Percentage paid in 30 days (%)
Jan-19	94.74
Feb-19	94.96
Mar-19	99.73
Apr-19	99.60
May-19	98.63
Jun-19	98.64
Jul-19	98.71
Aug-19	99.65
Sep-19	100.00
Oct-19	99.60
Nov-19	99.06
Dec-19	99.00

Source: Late payment statistics - Finance 2019

Recommendation 7: Hold a Member Briefing on the changes that are being made to the council's procurement process.

25. A procurement briefing for members was delivered on the 9 May 2019. The members who were present at the briefing were keen to encourage companies in their area to bid for SCDC contracts.

Implications

26. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

Financial

27. No need additional budget for continuing the work to reduce the barriers to SMEs have been identified at this stage.

Legal

28. Legal have been consulted.

Staffing

29. There are no significant additional staffing implications for carrying the work forward.

Risks/Opportunities

30. Compliance with UK Regulations will be carefully considered when implementing all of the recommendations.

Climate Change

31. The inclusion of decarbonisation examples in the 'social value' examples to applicants as well as key criteria around decarbonisation in ITQ and ITT documents will help support the Council's response to climate change.

Consultation responses

32. None.

Alignment with Council Priority Areas

Growing local businesses and economies

33. The improvements in the procurement process will help to reduce market failure from imbalances in information and experience and therefore support the focus of the Council's priority to "make it easy to do business in South Cambridgeshire."

Being green to our core

34. The inclusion of decarbonisation examples in the 'social value' examples to applicants as well as key criteria around decarbonisation in ITQ and ITT documents will help support the Council's response to climate change.

A modern and caring Council

35. Encouraging local SMEs to tender for Council contracts supports the focus on reducing costs and improving customer service as with their lower cost base, SMEs can provide better value for money.

Background Papers

6 March 2019 South Cambridgeshire District Council Cabinet Paper: Barriers to Council Procurement for SMEs Task and Finish Group findings

Appendices

Appendix A: South Cambridgeshire Procurement Statistics

Appendix B: Original ITT

Appendix C: Revised ITT

Appendix D: Social Value examples

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