

Decision Session - Executive Member for Economy and Strategic Planning 18 November 2019

Report of the Head of Corporate Finance & Commercial Procurement (interim s151 officer)

Procurement - supporting local business

Purpose of Report

1. To provide an update on the council's procurement policies in relation to small and medium-sized businesses in the local area, considering the challenges and what more can be done to enable these businesses to bid for council contracts.

Recommendation

2. The Executive Member is asked to note and comment on the report, including considering whether there should be further consultation with suppliers.

Reason: To update the Executive Member on procurement issues and activity in the support of the local economy.

Background

3. The council's procurement strategy seeks to maximise the social, economic and environmental benefits of its procurement spend with suppliers.
4. One of the key deliverables from the current strategy is to ensure that the council has effective and improving relationships with suppliers, ensuring that small and local businesses have the opportunity to bid for and win council contracts. Spending our money with local suppliers provides additional economic benefit to the local economy.
5. Alongside ensuring value for money in all our expenditure, we also want to contract with a wide range of organisations from different sectors. When contracting with larger national suppliers, we want to encourage them to engage local providers in the delivery of services.

Analysis

6. Over the last 5 years the procurement team has implemented a number of measures to increase the support for local and small businesses to secure council contracts.

7. These measures include the following:

- Simplification of our documentation for lower value contracts
- Use of processes that are proportionate and appropriate to the goods or services being purchased
- Delivery of regular supplier engagement events specifically for local businesses, covering advice on how to respond to tenders and details of upcoming opportunities
- Delivery of project specific supplier engagement events including introductions for local business to larger national contractors
- Development and implementation of an agreed Social Value Policy that ensures any tenders over £100k in value have at least 10% of quality score on social value
- Ensuring our suppliers pay the Real Living Wage and have employment & skills plans in place
- When contracting with national/international suppliers we encourage them to engage local providers in the delivery of services
- When tendering for larger projects, include questions about how they will engage with local supply chain
- As a founder member of YPO, we work collaboratively to help local suppliers get onto frameworks
- We have a positive working relationship with the CVS, chamber & FSB, and have provided support through the delivering of presentations, networking and workshops for suppliers
- We publish a forward plan of upcoming projects and update this on a quarterly basis
- Where possible, we break larger projects into smaller lots to make them more accessible for small businesses

8. The Council maintains its commitment to equality and an inclusive economy. We recognise that our influence extends to local businesses, partners and other external bodies. We also need to consider our role in providing wider support and engagement to encourage our local supply market to be responsible employers who operate safe working practices.

9. The council's procurement team already actively engage with local businesses through both the local Chamber of Commerce and the Federation of Small Businesses through the provision of training sessions and presentations on a range of topics. Recent events have included items on the council's forward procurement plan and targeted sessions with local companies on how tenders are evaluated.
10. In addition to the measures outlined above, the Council supports businesses in a variety of other ways:
- Offering 10 day payments terms for York based sole traders
 - Supporting businesses to understand the world of apprenticeships and their benefits through its Apprenticeship Hub (Skills Service)
 - Providing vouchers to eligible businesses for broadband upgrades to help support business growth (Digital York)
 - Offering businesses a range of information, advice and support including start up and growth support and access to finance and funding (available through Make it York's growth service)
 - Supporting businesses to create a well-developed business continuity plan to assist them in recovering from an incident as quickly as possible (Emergency Planning)
 - Advising businesses on Trading Standard Law to ensure that they meet legal requirements and prevent mistakes from being made (Trading Standards)
11. Furthermore, over the last year the Council's Economic Growth team has worked with a range of service areas (including Procurement) to ensure that the Council's business facing services are accessible to local businesses and that collectively we continue to improve how we engage with York's SMEs.

Measuring the impact of our procurement and other policies

12. The Council monitors how much it spends with different types of supplier. The tables below set out the spend over the last 2 years:

Size of business	2017/18 spend		Of which in Yorkshire & Humber	Of which in a YO postcode
	£'000	% of total	£'000	£'000
Micro (less than 10 employees)	15,126	9	8,888	6,600

Small (11 to 49 employees)	48,433	29	39,353	29,527
Medium (50 to 249 employees)	35,861	22	20,315	10,437
Subtotal SME's	99,420	60	68,556	46,564
Large (250 or more employees)	66,410	40	30,347	14,245
Grand Total	165,830	100	98,903	60,809

Size of business	2018/19 spend		Of which in Yorkshire & Humber	Of which in a YO postcode
	£'000	% of total	£'000	£'000
Micro (less than 10 employees)	14,892	8	9,681	8,497
Small (11 to 49 employees)	52,644	27	41,435	29,888
Medium (50 to 249 employees)	35,217	18	21,303	11,587
Subtotal SME's	102,753	53	72,419	49,972
Large (250 or more employees)	91,615	47	29,864	11,745
Grand Total	194,368	100	102,283	61,717

13. Whilst the tables show a reduction in spend with SME's in percentage terms, the actual value has increased. The reduction is predominantly due to the ongoing expenditure on the Community Stadium with a large supplier that has an impact on the overall position. If this spend was removed the figures for 2018/19 would again show that 60% of total spend being with SMEs.

14. In terms of other requirements that might be included in tenders, such as the inclusion of local suppliers in the supply chain, this is monitored by individual managers as part of regular contract monitoring. At this time, due to resource constraints, this information is not collected corporately.

Next Steps

15. There are a number of areas where the procurement team are actively working to improve the opportunity for local businesses to win council tenders.

16. Current and planned work includes the following:

- We continue to communicate with local businesses and are trying to identify new ways to engage directly with suppliers in the York area
- We will ensure further positive engagement at York Business Week
- We will continue to monitor our spend with local businesses
- We will consult with a range of organisations including the local Federation of Small Businesses & the local Chamber of Commerce to understand any barriers for local SMEs wanting to bid for council work
- We will consider how we can help fulfil climate change obligations through procurement processes
- We will consider how we can improve social value achieved through council spend

Consultation

17. There has been ongoing discussion with various suppliers and stakeholders regarding procurement. Further, more specific, consultation could be carried out if required to understand the issues facing local businesses who wish to become suppliers to the council.

18.

Options

19. Not applicable.

Council Plan

20. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan.

Implications

21. The implications are:

- **Financial** There are no financial implications.
- **Human Resources (HR)** There are no HR implications.
- **One Planet Council / Equalities** There are no One Planet Council or equalities implications.
- **Legal** There are no legal implications.
- **Crime and Disorder** There are no crime and disorder implications.
- **Information Technology (IT)** There are no IT implications.

- **Property** There are no property implications.
- **Other** There are no other implications.

Risk Management

22. This report is for information only so no specific risks have been identified as a result of this report.

Author:	Chief Officer responsible for the report:		
Debbie Mitchell Finance & Procurement Manager 554161	Ian Floyd Deputy Chief Executive / Director of Customer & Corporate Services		
	Report Approved	x	Date 7.11.19
Wards Affected: <i>All</i>			
<i>For further information please contact the author of the report</i>			

List of Abbreviations Used in this Report

YPO- Yorkshire Purchasing Organisation

FSB- Federation of Small Businesses

SME- Small or Medium Enterprises

CVS- Council for Voluntary Services