

# The London Borough of Lambeth

## **The Department of Communities & Local Government**

IDENTIFYING AND CELEBRATING THE LOCAL  
COUNCILS ACROSS ENGLAND WHO ARE ENGAGING  
WITH SMES IN THE PROCUREMENT PROCESS

Is The Best  
Council To  
Do Business  
With!



## Introduction

Lambeth has an ambition to become a Cooperative Council. The Council believes that the challenges facing the borough can be met only by fundamentally recasting the relationship between the Council and the citizens and communities of Lambeth. Citizens are valuable sources of insight and expertise and are often best placed to identify service solutions, including the procurement and commissioning of services that meet the needs of their local area; this has a significant impact on our engagement, procurement and commissioning activities with SMEs and third sector organisations. Our Members have stated explicitly that micro, small and medium-sized enterprises are the engine of both the Lambeth and wider London economy.

## Small Business Expenditure

The table below shows the amount and proportion of Lambeth's 2011-2012 procurement spend on small and medium sized enterprises for local Lambeth businesses and third sector organisations. Local Lambeth Enterprises are identified by site address and include all postcodes which lie partly or entirely within Lambeth:

<b>Business</b>	<b>Number Used</b>	<b>Total Spend</b>	<b>% of Total Third Party Spend</b>
Small & Medium Sized Enterprises	1240	£104,035,466	23%
Local Lambeth Enterprises	559	£92,351,268	20%
Third Sector Organisations (TSOs)	293	£73,979,169	16%

The trend over the past 3 years has seen this 23% maintained:

<b>Business</b>	<b>Number Used</b>	<b>Total Spend</b>	<b>% of Total Third Party Spend</b>
SMEs 2009-2010	1901	£124,188,925	23%
SMEs 2010-2011	1559	£109,548,322	23%

The Cabinet Office target is at 25% so Lambeth is very close to meeting this. Despite a downward trend in total spend, SMEs continue to account for a consistent proportion of the total third party spend at Lambeth. With more Cooperative Commissioning projects focussing on delivery of services by local community groups coming up, this percentage is likely to increase over the next 2 years and we will monitor this on a regular basis, with officers and Members.

### 1. Recognising The Value of Lambeth's Small Businesses in Procurement

- a. Lambeth procurement is devolved to departments and provided with strategic leadership provided by the Corporate Procurement Team. Procurement officers engage with small businesses and third sector organisations through:
  - Direct meetings with businesses at "meet the buyer" events
  - Market engagement at the tendering and quotation stages
  - Phone calls and meetings with providers
  - Communication with suppliers around their new ideas and innovative solutions
  - Supplier engagement days



- b. We state that our outcome goal is to increase the volume of Council expenditure with SMEs and third sector organisations and put in place policies that deliver this outcome.
- c. We communicate to small firms that we are “open to their business” and deliver this by:
- Providing clear guidance on the procurement process at Lambeth
  - Advertising tenders on our Lambeth website
  - Providing free workshops for Lambeth and London firms on how to bid for and win Lambeth contracts
  - Use of coproduction methodologies in our Cooperative Commissioning projects
- d. Tenders are designed to support the Social Value Act to optimise SME participation in procurement, wherever possible. Where beneficial, officers can disaggregate services, allowing smaller firms to bid for parts of a services contract.
- e. Lambeth procurement has confirmed the commitment to supporting and working with SMEs by including this in our Cooperative Council Strategy, the Lambeth Procurement Strategy. Our Strategy is published online and we invite comments and suggestions that feed into strategy reviews and changes.

## 2. How Small Businesses Find Out About Procurement Opportunities at Lambeth

- a. Procurement teams at Lambeth engage with SMEs about upcoming opportunities. This includes discussions with existing providers who may be interested in future work, taking part in local and London "meet the buyer events" and using the Lambeth website to advertise tenders.



- b. We advertise for contract opportunities in a number of different ways, in order to reach as many small businesses and third sector organisations as possible:

- The procurement pages on the Lambeth website
- Use of SME focused portals and programmes Supply 4 London, Contracts Finder and CompeteFor
- Through the 3 Year Procurement Plan of upcoming Lambeth tenders
- Through use and promotion of the Lambeth e tendering system

- c. The initiatives we have introduced that improve supply chain participation from small suppliers include:

- Capacity building events and workshops for Lambeth suppliers so they can bid for our contracts
- The procurement section of the Lambeth website provides businesses with the opportunity to contact us directly with their questions and comments
- We consistently promote the ethic of being “open to their business”, regarding SMEs
- We host supplier engagement days for suppliers who are interested in bidding for tenders

“Lambeth’s electronic tendering system allows businesses to access our contract opportunities quickly, efficiency and at any time of the day. Online tendering saves time when firms apply to tender and the need for intensive paper tenders is eliminated.”

- d. We work with prime contractors to ensure ~~small businesses have access to supply chain~~ opportunities. We work directly with our first tier providers to develop local supply chains, where possible. We support networking events and engagement days, allowing larger and smaller suppliers to come together and discuss partnership opportunities.

### 3. How We Measure & Account for Our Procurement Activity with Small Businesses

- a. We use data to challenge and improve procurement with small firms across Lambeth's spend:

- Corporate Procurement has a finance team that actively captures and reports on SME and third sector procurement activity. The team compiles spend information from Oracle ERP to determine supplier status, sector levels of spend and supplier classification. This information is reported publicly on an annual basis to Lambeth residents via the Council website
- This SME and third sector spend information is reported to and monitored across Lambeth's corporate and departmental leadership teams, Cabinet Members and Corporate Committee
- We use FOIs and SME enquiries from our website to gauge the areas of SME interest in our processes
- We compile Lambeth spend information to contribute to the London Councils' Pan London Contract Register. We also share our spend information, practices and strategies with other local London authorities



“By paying SMEs in 10 days Lambeth is helping these smaller businesses meet their financial commitments and helping them maintain their business cash flow.”

- b. Every year Lambeth Corporate Procurement writes the Procurement Annual Report and the Procurement Expenditure Report. Both reports are available on our procurement transparency pages on the internet and show not only the spend information on small businesses but the activities and initiatives that Lambeth supported during the year.
4. Our Procurement, Bidding & Contracting Processes Support Small Businesses
  - a. Lambeth procurement supports our Bureaucracy Busting programme and have developed simplified, quicker and less costly procurement processes. These include:
    - Introduction of a shorter, 5 page PQQ form for the tendering process
    - Creation of a one page self certification form for low value purchases
    - Introduction of a one quote threshold of £5,000. This allows very small businesses to win work at Lambeth without having to tender
  - b. At Lambeth we promote innovation and access from new entrants to the market. We do this by:
    - Use of the Sheltered Contracts initiative
    - Employing Cooperative Commissioning and use of coproduction methodologies
    - Use of engagement days to promote tender communications

Clapham High Street listening to suppliers who have new ideas for services or process improvements



- c. Lambeth has a policy in place that ensures prompt payment for SMEs. This policy states that we will pay all SME supplier invoices within 10 days of invoice receipt.
- d. Poor procurement practice is managed at departmental level; errors are captured through "lessons learned" practices in procurement projects. At the tendering threshold, compliance is checked by the Lambeth Procurement Boards; the boards provide a peer review for the procurement process and provide recommendations for approvals to tender, contract award and review the performance of Lambeth's key contracts.
- e. Constructive feedback through the debriefing process is provided to all unsuccessful tenderers. Debriefing may consist of a short discussion with a supplier or may be a more formal meeting between procurement officers and suppliers. The goal is to provide information to suppliers on where their bids were weak and strong and how they can use this information to improve future bids.

## 5. What We Have Learned From Our Approach with Small Businesses That Could Benefit Other Local Authorities

- Procurement is a powerful tool to deliver on the Council's overall aims and goals. By promoting the principle of "Policy Through Procurement", purchasing teams can use our buying leverage with markets to deliver our key initiatives.
- Building business capacity and strong relationships with SMEs and third sector organisations strengthens our local economy.
- Supplier engagement and use of coproduction methodologies with SMEs can add additional time to the procurement process.
- We have gained a deeper understanding about the different categories and suppliers where we purchase services and supplies. As we continue to learn from these diverse markets purchasers are becoming more open minded about markets and market knowledge.
- We have learned that there are areas for benefit in SME engagement that we need to work on. A lot of good work with local supply chains has been done with building and construction services, media and design services and social services provided by community groups but we can't stop there. We need to push forward and promote SMEs and third sector organisations in those services where community benefits and social values are not so obviously achievable. These include professional services such as legal, financial, personnel and ITC.
- We have learned the values of developing mentoring programmes between first tier suppliers and their supply chains. This will not only improve communications and service delivery but it can help smaller suppliers grow their business capacity. Lower tiers of the supply chain can become more attuned to the contracting authority's values and thus deliver better quality services.

*"Lambeth's commitment to collaborate and partner with SMEs gives them greater opportunity to tender for the Council's contracts."*

## 6. Coming Soon: The Next Big Thing That Will Help Small Businesses Win Lambeth Contracts

- Lambeth aspires to become a Cooperative Council by 2014. Procurement work towards achieving this goal includes development and expansion of Cooperative Commissioning methodologies, including coproduction.
- The Nine Elms London project will create 25,000 new jobs, many of these will build of 16,000 new homes, new schools, parks and transport links
- Encouragement of engagement with first tier suppliers to follow Lambeth's lead by paying their supply chains in 10 days.
- Lambeth is a London Living Wage borough. Further integration of the supplier requirement to pay their employees and supply chains this higher minimum wage will provide for more services contracts that add greater value to the Council.

## 7. Additional Information

- All Lambeth procurement at the tender threshold must be conducted online using the Council's electronic tendering system. Access is free to all suppliers and all can receive free alerts of our contract opportunities upon registration. The system is easy to use and is available 24 hours a day; the increased flexibility in the tendering process has made engagement with the procurement easier for smaller businesses.
- At Lambeth we host supplier engagement days for larger tenders; suppliers who are interested in bidding can learn more about the contract and meet the procurement project manager and ask any questions they may have. These events also support the Council's commitment to coproduction; suppliers can meet each other and discuss opportunities for bidding for larger contracts in partnership or in consortia. We also attend and support "meet the buyer" events and supplier capacity building workshops for SMEs, through the Supply Lambeth and Supply Cross River programmes. Lambeth was one of the 4 lead boroughs to develop the Procure 4 London website, designed to promote London wide contract opportunities.
- One of the key elements in the Cooperative Council is the principle of Cooperative Commissioning; this includes the use of coproduction methodologies in the tender process whereby those suppliers who need help building business capacity in order to tender for a specific contract are provided with free practical help. Through coproduction the Council can assist smaller companies by helping them build business capacity - to become fit to

compete and fit to supply. Coproduction has been successful in the Early Adopters Programme to tender Lambeth's adventure playground, stay and play and youth centre services. All bidders were SMEs and third sector organisations and were provided with bespoke business assistance as they worked through the tendering process. Even those providers who were not awarded a contract in the end gained valuable business knowledge in the process.

“Lambeth fosters inspirational procurement leadership in all our procurement teams. Strong, enthusiastic leadership promotes the development of successful partnerships with our contractors, with the goal to succeed in achieving the best outcomes”

- Lambeth procurement already supports the principles of the Social Value (Public Services) Act 2012 and has integrated it into the procurement process. However, by creating a greater of awareness of the Act and encouraging

procurement officers and contract managers to develop “social value thinking” in procurement, we can increase the value provided to the Council through service delivery. Some recent achievements:

- A large facilities management tender at Lambeth successfully used the Sheltered Contract provision in the EU Directives to award a framework lot to a local carpet cleaning company who employs mentally disabled adults
  - Through Competitive Dialogue that same contract negotiated the contract term that they would observe Lambeth’s commitment to the London Living Wage
  - Through successful negotiation the tender for revenues and benefits services was able to achieve a supplier grant of £500,000 to the Council for the use of staff mutual development
  - Through the use of coproduction the Early Adopters Programme delivered Lambeth’s first staff mutual – a staff group who will be taking over one of the borough’s youth centres
  - Lambeth has a local currency, the Brixton Pound, for spending with local businesses so that the money spent locally tends to stay within the local economy. Staff can choose to receive some of their salary in Brixton Pounds and the Council is looking into paying suppliers with Brixton Pounds
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