

‘Best Councils to do business with’ contest

Entry Form

Local Authority Name: Pendle Borough Council
Contact Name, Telephone and Email Contact details:
<div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> Entries and enquiries to: bestcouncils@bis.gsi.gov.uk Closing date: 22 February 2013 (17:00 hrs) <div style="border-bottom: 1px solid black; height: 1.2em; display: inline-block; width: 250px; margin-left: 10px;"></div>

This competition will judge the actions and practices you have set in place to support small businesses in competing more successfully for your council's procurement business.

We are keen to hear examples of what you are doing, why it represents good or excellent practice, and what positive outcomes have resulted from your actions.

In FY2011-12, what proportion of your procurement spend and contracts were to small businesses?	What do you estimate this will be in FY2012-13?
75% SME	80% SME (Source: Spendpro)

How do you recognise the value of small business suppliers in your procurement?

Please tell us:

- How you engage small businesses (including social enterprises and voluntary and community sector organisations) and their advisers, to understand what solutions they can offer your council.
- How you communicate strong encouragement to small firms that you are “open to their business”, including any actions you have taken to help develop the procurement capacity and capability of your local small business supplier base.
- How you design procurement competitions to optimise SME participation eg by breaking down contracts into lots, or defining an optimal contract size for the market.
- How your procurement strategy reflects the benefits of procuring from small businesses and how this informs your economic development strategy.

Response: *(250 Words Max – expand box as necessary):*

- **KEY ACHIEVEMENT** - Use of innovative e-Tendering system which is capable of streamlining procurement processes to fit the needs of all sizes of business. This is known as the Chest and is the result of a collaborative approach between North West Councils. (<https://www.the-chest.org.uk/cms/cms.nsf/vHomePage/fSection?OpenDocument>)
- Sub-Regional approach to the development of SMEs. An example of this is the Pennine LEAP Programme provided by Regenerate Pennine Lancashire (of which Pendle Borough Council is a supporting partner) (<http://www.regeneratepl.co.uk/pennine-leap/>). This helps new and existing SMEs grow their business through targeted business support.

- Partnering with public and private sector organisations to pool resources and expertise eg Regenerate Pennine Lancashire assisting 3,700 businesses and creating over 5,500 local jobs;
 - A number of SMEs are represented on Pendle's Vision Board which comprises a range of businesses aimed at improving the local economy;
 - All forms of media communications used to target SMEs with forthcoming opportunities such as targeted mail-drops undertaken via The Chest which acts a central hub for procurement;
 - SMEs encouraged to register on the Chest giving access to wider marketplace and consolidating their resource requirements into one place;
 - Use of Lancashire Procurement Hub to provide a comprehensive and consistent approach to procurement across Lancashire. This has proven so successful that Lancashire County Council has now absorbed the Procurement Hub into their procurement offer via the Connect2Buy Portal;
 - Work with East Lancashire Chamber of Commerce to promote business opportunities and up-skill SMEs so that they can participate in competitive tendering processes;
 - Council website promotes key Officer contacts and 'How the Council does Business' to allow SMEs to position themselves appropriately to 'win' lots;
 - Training SMEs in the use of new procurement technologies via eg Pendle Business Month;
 - Recognising the value of SMEs in the economic regeneration of the Borough through an innovative 'Gearing for Growth' Programme along with associated business support – 19 new business start-ups in 2012/13 so far;
 - Collaboration with partners to share experience and package lots appropriately as part of the SME concordat (Procurement and Commissioning Strategy and AGMA representation);
 - SMEs and their contribution to the local economy are specifically recognised in the Pendle Business Awards with categories such as the
 - Pendle Most Outstanding Business of the Year - medium/large 31+
 - Pendle Most Outstanding Business of the Year - small 10-30
 - Pendle Most Outstanding Business of the Year - micro 1-10
- http://www.pendle.gov.uk/info/690/business-council_awards/1
- Committed investment in the High Street as a place to transact business eg successful Portas pilot award and allowing SMEs access to prime retail sites at low cost capitalising on private sector footfall, eg
 - Offering financial stability to sustain SMEs in the Borough through eg discretionary business rate relief and inclusive rent at Council accommodation to reduce overheads and administration;

- Offering proactive support and advice to voluntary and community groups to bring assets back into use eg Victoria Park pavilion café after an absence of 6 years and Parks Friends Groups around the borough bringing parks and open spaces to Green Flag standard

How can small businesses find out about your Council's procurement opportunities?

Please tell us:

- How you engage with small firms about emerging opportunities in advance of a formal procurement exercise.
- How and where you advertise contract opportunities.
- What steps you have taken to improve supply chain participation from small suppliers.
- How you work with prime contractors to ensure SMEs have access to supply chain opportunities.

Response: (250 Words Max – expand box as necessary):

- We publish on the Council's website:-
 - Guidance that shows how we do business with suppliers (including details of what goods and services each department of the Council requires);
 - Details of opportunities that are available;
 - Details of current expenditure with all suppliers of goods and services to the Council.
- Expressions of Interest communicated via electronic portal (The Chest), increasing marketplace from traditional approved list model. Also publication of opportunities on the Chest so that a much wider audience of SMEs is able to bid,
- Portal allows supply chain opportunities eg sub-contracting as part of its functionality encouraging suppliers to identify and use the supply chain effectively;
- Full contact details are provided in our 'Business Opportunities' guide so that suppliers can contact the Council to discuss opportunities with relevant Council staff;
- Contract management via corporate Contract Register allows planning in advance so that opportunities for SMEs can be highlighted early;
- Pre Qualification (where necessary) to determine SME and supply chain opportunities. Pre-Qualification process streamlined to reduce barriers for SME entry into market. Similarly, supplier meetings have been held to discuss opportunities and to consider barriers for SMEs entering the local supply chain;
- **KEY ACHIEVEMENT** - Encourage the development of local Social Enterprise Companies (SEC) to act as suppliers to the Council. The Council is assisting one established SEC and is in the process of developing two further SMEs for the provision of cafes in local parks.
- As part of the larger contracts, Tenderers are asked to detail how they will use local employment and SMEs within the supply chain for the provision of services. A key example of this is the Council's joint venture arrangements with the Private Sector where

details of supply chain activity were used in the evaluation of tenders. As part of this, the Private Sector Partner is required to provide details of the SMEs used and their performance in prompt payment;

- Recognising the value of borough assets and commissioning SMEs eg via grant awards to benefit the Borough eg Tourism – Pendle Hill, Forest of Bowland AONB, Rhythm and Blues Festival, Titanic 100 – investing in accommodation to increase visitor numbers and benefits within the supply chain;
- Strategic partnering with public/private sector to identify opportunities eg formulation of Leisure Trust, Liberata PPP and Housing Pendle that support use of the SMEs.
- Recognition of successful SME Businesses in the Bi-annual Pendle Business Awards (which also helps to promote local organisations and create valuable networking opportunities for supply chain participation).

How do you measure and account for your procurement with small businesses?

Please tell us:

- How you use data to challenge and improve procurement with small firms across your council's spend.
- Whether and how you make information on spend with small firms publicly available and easily accessible.

Response: (250 Words Max – expand box as necessary):

- Comparative analysis of procurement expenditure produced at local, regional and national level to chart the progress of SME engagement and reported regularly to the Council's Management Team and Continuous Service Improvement Team for robust challenge. This is produced using a specialist spend analysis tool called Spendpro and is used to inform collaborative procurement opportunities.
- Continuous Service Improvement Group (CSI) setup to evaluate Council activities including procurement.
- Using Spendpro and local analysis of expenditure – see attached – regular review undertaken of expenditure to inform the development of an annual procurement plan. This includes identifying the opportunities for SMEs and how they might best be encouraged to participate in procurement processes;
- Key Performance Indicators established for procurement activity as a tool to map the Council's direction of travel via Performance Monitoring System (Covalent). This includes monitoring local supplier expenditure which in the main is SMEs
- As part of transparency agenda, all expenditure on goods and services is published on the Council website on a monthly basis. This includes expenditure with SMEs.
- Details of contract opportunities published on the Chest and on the Council's website. Contracts awarded are also publish on the Chest.
- Internal appraisal process with staff (PDP) to communicate the objectives and policies of the Council eg Procurement and Commissioning Strategy, Contract Procedure and Financial Procedure Rules but also seeking contributions from staff to inform strategic and Business

Planning documents. The Council has been recognised with Gold Investor in People status

- Our monitoring indicates that expenditure with local SMEs is increasing year on year.

How do your procurement, bidding and contracting processes support small businesses?

Please tell us:

- What actions you have taken to ensure quicker, simplified and less costly processes are in place for smaller procurements below EU thresholds, including any specific approaches for the lowest value contracts.
- How you promote innovation and access from new entrants to the market
- What policy you have on prompt payment for small business, including small contractors in supply chains.
- Whether and how you investigate poor procurement practice and hold procurement staff to account.
- How you offer constructive feedback to unsuccessful bidders to help them improve future bids.

Response: (250 Words Max – expand box as necessary):

- Quick and simple registration process through the Chest capable of streamlining procurement processes to fit the needs of business to electronic portal;
- Use of Approved Lists combined with efficient pre-qualification processes to reduce the amount of effort required by SMEs in the tendering process;
- Purchase card facility to increase receipt of funds, reinforce (perceived) surety of payment and reduce debtor administration;
- **KEY ACHIEVEMENT** - Efficient internal business processes deployed leading to Forum for Private Business Award – 91.5% of payments made within 10 working days, making Pendle the 8th fastest in England. This is recognition of the importance of healthy cashflow for developing SMEs;
- **KEY ACHIEVEMENT** - 85% of payments via BACS with emailed remittance advice to speed receipt of payment and allow suppliers to allocate accordingly. As above, this recognise the cashflow needs of SMEs and reduces their bureaucracy and costs;
- SME supplied 'catalogues' held on internal systems to promote consistent, electronic ordering processes to avoid delay in supplying goods and services and to target the use of SMEs in local supplies.
- Clear scoring and evaluation criteria made available to SMEs to aid their tender submissions;
- The Council has a well-established complaints process by which SMEs can raise issues and deals with Freedom of Information Requests in a timely manner/
- Supplier meetings throughout projects to encourage feedback to improve processes in the

future

- Regular review of procurement processes undertaken by the Council's Internal Audit function to ensure they are efficient, effective and economical.
- The Council's Contract Procedure Rules (CPRs) provide clear guidance for procurement of goods and services. Regular audit of procurements ensures compliance with CPRs and where this is not the case, issues are escalated via Management Team and the Council's Audit Committee.
- Independent review of expenditure to challenge procurement practice undertaken regularly and reported to Council's Management Team for improvements to be disseminated to respective team members via Team Brief communication.

What have you learnt from your procurement approach with small businesses that could most benefit your Local Authority peers?

Response: (100 Words Max – expand box as necessary):

Our key learning is that it is necessary to invest in SMEs as a fundamental part of an economic growth strategy as the SMEs of today will be the big businesses of tomorrow.

A prime example of this locally is the development of the Pennine LEAP programme. This programme seeks to develop new and existing SMEs that have entrepreneurial talent by providing intensive training, mentoring, HR coaching, social enterprise and international trade support. The programme also provides finance support and the benefit of an experienced business mentor for up to two years. The programme offers support to individuals and new Start up Companies in Pennine Lancashire, including Blackburn, Darwen, Hyndburn, Burnley, Pendle and Rossendale.

The Pennine LEAP Partnership also supports local SMEs by working in partnership with a number of specialist enterprise providers who will provide free coaching and mentoring support to new enterprises.

What's your next big thing to help small businesses increase their chances of winning more of your contracts?

Response: (100 Words Max – expand box as necessary):

Our current focus is our 'Gearing Up for Growth Programme' in which we are actively providing support to local SMEs to help them **develop their businesses so that are able to win contracts, not only with the Council and other Pennine Lancashire Authorities but with other private sector businesses.**

The 'Gearing Up for Growth' Programme comprises a range of activities including:-

- **Grants For Growth** - Grants for Growth will assist growth and development of private sector businesses within Pendle by encouraging investment in projects which will help to develop and expand their operations;
- **Graduate placements** - Matching graduates to suitable Pendle companies to help

fill the skills gap and to retain a new generation of local professionally qualified people in the Borough;

- **Focus On Your Business Month** - an annual series of events for Pendle business people, beginning in October 2012 to help them access a range of support from starting-up a new business to expanding an existing one, how to win business and how to provide excellent services/goods;
- **Start Up Grants** - A commitment to continuing with the successful programme of grants for new businesses.
- **Pendle Vision Board** - Encouraging Pendle Vision Board members to be ambassadors for Pendle, and expanding the existing membership to include young, growing Pendle businesses;
- **Work Inspiration Event** - We will work with local businesses to run a 1-day event to inspire school children (13-14yrs) to explore a variety of different career options;
- **Skills Into Employment** - A programme tailored to Pendle businesses and the skills they need whilst ensuring that we get the area's young people into work;
- **Improved access to Business Support** - To make it easier for local businesses to access business support provided by the Council;
- **Knowledge Network for Business** – Masterclasses - This is an opportunity for SMEs to gain expert knowledge from leading researchers and business practitioners and to share their own experiences. It will focus on:-
 - How online & social media can help your business
 - Economic policy and its impact on business
 - Getting the best from your staff

Is there anything else you wish to add to support your application?

Eg you may wish to expand on a particular example of excellent practice that you have set in place and/or provide a short case study on where you have achieved better value for money by contracting with a small business.

Response: *(500 Words Max – expand box as necessary):*

In support of our submission, the following are two examples where the Council used procurement to encourage the use of local SMEs and to manage the performance of Prime Contractors in their dealings with SMEs.

Case Study – Procurement of Strategic Development Partner

Part A – The use of local SMEs to deliver projects

The Council undertook a procurement process to identify a Strategic Developer Partner. In doing, the Council sought confirmation from prospective bidders of their past performance and expected intention in the use of local employment and supply chain. The Council specified the following requirements:-

Extract from Invitation to Tender

Submit details of local employment and your proposed supply chain for delivery of the Scotland Road development

These are very important considerations and therefore your Tender must confirm, as a minimum:

- The precise nature of your Company's proposed local presence if your Tender is successful. The Council anticipates that this presence will be more than the mere presence of some key personnel on an ad-hoc basis
- The provisional procurement actions you have already taken, eg, pre-qualifying local suppliers
- How you propose to deal with the diversity of the local population in your supply chain considerations.

Extract from Competitive Dialogue Document

Local Employment and Supply Chains

6.1 Pendle Borough Council wish to see evidence of how the Strategic Development Partner (and any sub contractors) will engage the services of local labour in both the Scotland Road development and future regeneration activities.

6.2 Pendle Borough Council also expect the Strategic Development Partner to demonstrate how and to what extent local suppliers and products and services will be used in the planning, development and construction of the Scotland Road development and future regeneration activities.

As a consequence of this, the Council procured a Strategic Developer Partner (a company local to the Pendle area already employing c300 staff and contributing to the development the local economy) that is fully committed to sub-contracting work from the local supply.

Over 60% (by value) of purchases by the Company are made from local businesses. This equated to c£18million of which £12million was spent with Pennine Lancashire professional, sub-contracting and service providers and £6million was spent on materials with local suppliers. This investment was undertaken on the basis of a strategy to spend more with local suppliers compared to national suppliers.

As part of the Company's tender submission, full details of the local spend with SMEs was provided.

Part B – Monitoring the use of SME

In subsequent developments with this Strategic Development Partner, the Council has sought to ensure that the Prime Contractor actively uses and accounts for their use of local SMEs. This is undertaken through a range of performance indicators, examples of which are set out below and which are monitored on a regular basis.

KPI 4	Local Labour Participation
Motivation	Payment of local people in the regeneration projects is important for

	social and economic inclusion.
Measure	Calculation = $\frac{\text{Local Labour Number}}{\text{Total Labour Number}} \times 100$
Frequency	Monthly
Responsibility	Contractor
Target	55%
Notes	Include data from all on site sub-contractors. Measured by recording names, home post codes of workers and company name on site register.

KPI 5	Minority Groups Participation
Motivation	The participation of excluded and underrepresented groups in construction work.
Measure	The percentage breakdown of BME, women, disabled and previously unemployed people from Pennine Lancashire employed on site. An example calculation is: $\text{BME Number} / \text{Total Labour Number} \times 100$
Responsibility	Contractor to confirm the percentage of people from different minority groups working on site.
Frequency	Monthly
Notes	Includes all personnel on site, including subcontractors.

KPI 6	Local Supply Chain Participation
Motivation	Participation of local firms in the supply chain safeguards local employment and generates local multiplier effects.
Measure	Calculation = $\frac{\text{Local Suppliers}}{\text{Total Suppliers}} \times 100$
Frequency	Monthly
Responsibility	Contractor
Target	85%

KPI 7	Local Spend
Motivation	Payment of local firms in the supply chain safeguards local employment and generates local multiplier effect.
Measures	Calculation = $\frac{\text{Local supply chain invoices paid within 30 days}}{\text{Total invoices paid}} \times 100$
Frequency	Monthly
Responsibility	Contractor
Target	100%

KPI 8	Trainee Participation
Motivation	To measure the percentage number of trainees engaged on site from Pennine Lancashire
Measures	The percentage of trainees employed will be calculated by:

	<i>Trainees Number / Total Labour Number x 100</i>
Frequency	Monthly
Responsibility	Contractor.
Notes	Includes all personnel on site, including sub-contractors.

KPI 16	Prompt Payment
Motivation	To follow the principals set out in the Housing Grants, Construction and Regeneration Act 1996 and target prompt payment of all parties involved.
Measures	Calculation = $\frac{\text{Invoices Paid within 30 days}}{\text{Invoices received}} \times 100$
Responsibility	Contractor/P.E.A.R.L. 2
Frequency	Monthly
Target	100% - PE.A.R.L.2 and Contractor to target payment of all invoices within 30 days.
Notes	