

‘Best Councils to do business with’ contest

Entry Form

Local Authority Name:	Fareham Borough Council
Contact Name, Telephone and Email Contact details:	
Readacted	_____
Entries and enquiries to: bestcouncils@bis.gsi.gov.uk Closing date: 22 February 2013 (17:00 hrs)	

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?
52% (by £ spend value)	55% (by £ spend value)
68% (by number of suppliers)	85% (by number of suppliers)

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):

Open & Transparent Procurement

- *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.*

For several years the Council has hosted engagement meetings with local Chambers of Commerce, the Federation of Small Businesses and Institute of Directors on a range of topics including spending priorities, procurement initiatives and economic development activity.

We also actively engage in local Meet The Buyer events, hosted collaboratively with Hampshire CC.

In 2010 the Council signed the FSB Small Business Engagement Accord.

In 2012, the Council instigated breakfast briefings with local traders to identify ways to protect/improve the local trading environment.

- *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.*

We explain our structured approach to procurement via our dedicated website area about “How to do business with the Council”.

Through Meet the Buyer events, we encourage ideas and facilitate engagement between suppliers and Council services. E.g. A local company approached the Council with a renewable energy proposal that led to a programme of solar panel installations on public buildings.

In 2012, we worked with Hampshire County Council and other Districts to design a common Pre-Qualification Questionnaire that was simpler to complete. Developed with the Wessex region of the FSB and the Hampshire Voluntary Sector forum, this was adopted in Fareham, and HCC have since won an FSB award for this approach.

- *How you design procurement competitions to optimise SME participation e.g. by breaking down contracts into lots, or defining an optimal contract size for the market.*

We design our procurement approach by considering the type of supply and the strength of the marketplace. Using soft market testing, we identify the best opportunities to target the marketplace. Examples where we have encouraged SME participation include the areas of building services, horticulture and Protective Clothing/Equipment, versus national large supplier engagement in areas such as the purchase of refuse vehicles or energy provision.

- *How your procurement strategy reflects the benefits of procuring from small businesses and how this informs your economic development strategy.*

Our strategy focuses on the themes of best value, openness, fairness and environment.

We recognise that we must deliver best value in an increasingly difficult financial climate. To do this, there are clear benefits to join forces and buy in volume, but there are equally advantages to buying locally and from SME's.

Our approach is to design services (and the supply chain that supports them), through the eyes of the customer. We encourage innovation by promoting use of open, outcome-based procurement to give the suppliers the opportunity to determine the most effective route of delivering our stated outcomes.

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):

- *How you engage with small firms about emerging opportunities in advance of a formal procurement exercise.*

We engage with small firms at Meet the Buyer events and via daily sales enquiries and soft market testing.

We advise suppliers of upcoming opportunities.

We encourage prospective suppliers to register their interest to supply the Council, via the South East Business Portal (SEBP). This proactively alerts them immediately an invite to supply is published, thus cutting down the overhead for SME's in searching for opportunities.

- *How and where you advertise contract opportunities.*

The Council was the first Borough in Hampshire to implement the use of e-tendering. Since 2010, all contract opportunities above £20,000 (the lowest "value" threshold in Hampshire) have been advertised electronically via the SEBP. We also invested in e-tendering technology which enables suppliers to register and submit tenders online saving the need for costly paper submissions. SMEs welcomed this move as the paper chase was a major detractor in bidding for work.

- *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.*

Typically, we have not outsourced major services, preferring the flexibility of in-house management supported by an internal and external supply chain.

However, we recognise that our opportunities are often attractive to SME/VCS and large firms alike. In instances where we require a single prime contractor to manage the overall contract, we build into our tenders an obligation for bidders to set out their plans for SME/VCS as sub-contractors and where applicable allowances for youth training / apprenticeship opportunities.

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):

- *How you use data to challenge and improve procurement with small firms across your council's spend.*

The Council recognises that robust data is necessary to plan procurement activity and manage performance.

All suppliers used by the Council are required to complete a new supplier pack. This ensures we obtain accurate information of the suppliers' size (Micro, Small, Medium, Large) and business (Proclass) category.

Spend analysis enables the Council to identify cross functional procurement opportunities.

The council chairs the Procurement Partnership of all Councils in Hampshire and Isle of Wight, driving collaboration, sharing resources and improving skills. Spend analysis at this regional level has given rise to a programme of collaborative opportunities comprising over 20 procurement projects and saving over £3m across the partnership since 2009.

However, this has not been at the expense of local, SME supplies. For example, a tree maintenance collaborative framework, valued at £2m, was packaged into regional lots and is fully serviced by SME's based in the County bringing flexibility and improved costs to Hampshire Councils. Other examples include street signage, media advertising, horticulture and fencing.

- *Whether and how you make information on spend with small firms publicly available and easily accessible.*

Fareham BC was one of the first Councils to publish supplier payment (£500+) reports in **2009**, ahead of the Government's Transparency agenda. This follows the Government standard format, but is also supplemented by a local format which is designed around spend categories to be more meaningful for suppliers and our customers alike.

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):

- *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.*

The Council has a tiered approach to procurement. High value procurement must be structured to provide strong assurance over contract awards. The same structured and formal approach is permitted for lower value spend, but a more flexible, efficient approach is encouraged where appropriate.

The Council is clear that greater flexibility should not undermine the principles of transparency and openness. Therefore, since 2009, all procurement for supplies exceeding £20,000 has been advertised via the SEBP.

The Council uses e-tendering, to enable suppliers to register and submit tenders online saving the need for paper submissions. SMEs have welcomed this move as the paper process discouraged them from bidding.

Use of the FSB-endorsed Pre-Qualification Questionnaire.

- *How you promote innovation and access from new entrants to the market*

Meet The Buyer events are held

Business Breakfast briefings have been instigated with local traders, most of whom are SME's, to identify where opportunities exist to promote the local offer and stimulate economic activity. These include opportunities where the vibrancy and vitality of the town can be boosted by Council-led actions, Council procurement, co-ordinated trader promotions/activity, using public assets to provide free advertising opportunities to small businesses to stimulate trade, etc.

- *What policy you have on prompt payment for small business, including small contractors in supply chains.*

The Council's standard 30-day payment terms are waived in favour of SME's, who are fast tracked for payment on 14 days terms.

- *Whether and how you investigate poor procurement practice and hold procurement staff to account.*

We operate a centre-led approach to procurement, whereby the Budget holder and Procurement Officer jointly plan and execute quotations/tenders. This approach achieves synergies from combining technical and commercial skills while ensuring that procurement rules are followed and minimising poor practice.

Annually, we undertake a best practise self-assessment and peer review, via the HIOW Strategic Procurement Partnership, to focus our efforts on continuous improvement.

- *How you offer constructive feedback to unsuccessful bidders to help them improve future bids.*

Use of the e-tendering portal ensures that all participants are kept aware at each stage of the procurement process. Unsuccessful bidders receive a confirmation of their tender scores (along with a narrative text) compared to the winning bidders score. We offer all bidders an opportunity for post-procurement evaluation either in written or verbal form, as required.

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):

Local SME's have a wealth of ideas and skills to assist the Council in delivering high quality public services. Equally, the Council accepts that procurement must evolve to achieve improvements.

We have learnt that processes should be allowed to stifle innovation and we should be prepared to be open, flexible and willing to adapt in order to achieve great things.

To do this we have used spend analysis data to identify opportunities, focussed on the most obvious areas for SME supply, used soft market testing to understand what suppliers have to offer and shaped our process on outcome based procurement.

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):

As part of a re-focussed Procurement Strategy, we intend to:-

- Offer local business an **Open Invite to Innovate**. The Council has set aside a £100,000 Invest-to-Save fund, and we would like local entrepreneurs to bring forward ideas to reduce running costs or improve service quality, pump-primed by the fund.
- Widen our business-to-business communication, by encouraging SME's to "**Pitch Your Product**" online. Submissions will be considered in future buying decisions, by publishing via an internal marketplace.
- Extend our transparency policy, by producing an online "**Heads Up**" list of lower value (below £20,000) opportunities which are specifically suited to SME or local suppliers.
- Extend the use of e-tendering to encourage online "**Quick Quotes**", so suppliers can provide e-quotes, saving them time and paper.

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):*

The Council recognises that the rapidly changing economy requires flexibility and agility in the way it engages its supply chain. We also recognise that small businesses are fundamental to the Council's supply chain, and it will continue to encourage and develop its relationship.

We have seen how working closely with local businesses and business representatives adds value to the community and to the services we provide.

After the recent engagement meeting with business representatives, [redacted], Chief Executive of the Hampshire Chamber of Commerce wrote to the Council's Executive Leader, to say "thank you for chairing yet another very useful and informative annual meeting on 21 January with local business representative organisations for what must be the eighth year now. As far as we know, Fareham Council's annual meeting on the council budget and updating on other topics is the only one of its kind and we recommend it as an effective and efficient communication channel with local business."

Working with local suppliers concurrently with national suppliers has also paid dividends.

The Council had the opportunity to use a pre-sourced national framework for supplying protective clothing and equipment. However, this would have meant the cessation of local SME engagement. Therefore, we ran our own tender which resulted in a dual source contract (a local SME and large National firm). This contract is a good example of collaboration especially with the local SME for bespoke and urgent supplies. The high quality service from this supplier has engendered a high degree of trust and support from the Council, but the presence of a national supplier provides support if the supply chain were under pressure. The outcome is a good quality, economically priced product with a fast supply time. The SME supplier has benefited from circa £45,000 of business over 3 years (circa 60% of total PPE expenditure).

[redacted], Sales Manager from Safeaid Supplies said "We have been working with Fareham Borough Council now for many years and more recently have been awarded a contract for the supply of Corporate Clothing and PPE. We bid against a number of companies including some very large national competitors for the contract and whilst price would have played a big part in the decision we feel as though Fareham Borough Council appreciate us for our key value which is service. We have carried out a number of product improvement exercises with them and have found them great to work with in all areas. We want to continue to build a partnership with them over the years ahead as we feel we can continue to offer them value and flexibility they wouldn't have with a large national supplier.

Every employee in the company lives in the local area so we feel that whilst we are offering cost savings to the council they in turn are supporting local jobs and enabling us to elevate and improve the lives and circumstances of our employees."