

'Best Councils to do business with' contest

Entry Form

Local Authority Name: South Tyneside Council
Contact Name, Telephone and Email Contact details: Tel: Email:
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?
29%	32%

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):

South Tyneside Council is a major partner of the South Tyneside Business Forum, where we provide support to local businesses in collaboration, networking and supply chain development.

In 2011, the local authority launched “Supply South Tyneside”, which aims to increase the amount of money spent with local businesses. As part of this project, the Council agreed to change its Constitution to ensure that more local SME’s were given the opportunity to bid for Council tenders. This guarantees that a minimum number of local suppliers will be asked to tender for all relevant opportunities below the EU threshold.

As part of “Supply South Tyneside”, the Council holds regular “Meet the buyer” events, where all local businesses are invited to attend to understand how they can do business with a mix of public and private sector organisations. The first of these events, called “South Tyneside Open for Business” was held in October 2011, where over 150 local businesses attended for a day

of networking and training. The next large scale event, targeted directly at SME's, is being held in February 2013. We also host regular small scale events that are sector related and invite businesses to attend dedicated workshops for specific tender opportunities.

Our Procurement and Economic Growth Teams have also worked to build Social Clauses into large scale projects. This aims to ensure that a percentage of the contract is spent with local SME's, as well as the requirement for suppliers to support local apprentices, training and employment.

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):

To ensure SME's are aware of emerging opportunities, the Corporate Procurement Service (CPS) regularly attend a range of South Tyneside Business Forum events to help promote access to tenders, advise on the best contacts, and carry out discussion sessions to answer any queries SME's may have.

All tenders above £140k (supplies) and £3.5m (works) are advertised on the North East Procurement Organisation (NEPO) website. For opportunities below EU thresholds, organisations are contacted directly via targeted emails and we ensure that a minimum number of local suppliers are contacted, as per the Council Constitution.

Where the tender is of a value that would be too high for smaller businesses to bid for, we work closely with SME's and facilitate (via the Business Forum) engagement with the main contractor for the SME to win appropriately sized work.

We publish a forward tender list on our business internet pages, so that businesses can effectively prepare for upcoming opportunities. Recognising the importance of social media and the benefits that this can bring, we have also started to advertise opportunities on our Business Twitter page @STyneBusiness.

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):

As part of "Supply South Tyneside" the Council set a challenging target of increasing the amount of money spent with local SME's from 32% (2009/10) to 50% (2016/17). Based on our current finding estimates, this is an estimated additional £50m-£60m over the next 6 years.

Local spend with SME's is a Key Performance Indicator (KPI) and as such, is monitored on an ongoing basis. This KPI is reported to a variety of performance, involving senior officers and elected members, on a monthly basis. These forums also provide constructive challenge and agree actions to address any issues that may arise.

We also regularly undertake an analysis of other Councils and public sector organisations (South Tyneside College, South Tyneside Homes, South Tyneside NHS Foundation Trust) in the region and discovered that we compare favourably or are in line with them regarding how much is procured locally. We are working with our partners to see if they can implement similar changes to their constitution.

These comparative figures were included in presentations to local SME's and in regional press articles alongside the initiatives that we believed would increase performance, such as increased understanding of our supply base, simplifying the PQQ process, training and support for local businesses and changes to our Constitution.

Local businesses are therefore fully aware of our performance, how we compare to others in the region and our aims to increase performance and the support that we can offer to them.

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):

We have revised our Constitution to detail where we can directly invite local and regional suppliers to further support local spending. The tables below show the minimum number of local suppliers invited to bid per financial threshold:

Goods / Services

Value	Procedure
Between £3,001 and £10,000	Minimum of one written Quotation from South Tyneside Supply list
Between £10,001 and £75,000	Minimum of one written Quotation from South Tyneside Supply list and two written Quotation from Tyne & Wear suppliers
Between £75,001 and £140,000	Minimum of two written Quotation from South Tyneside Supply list and two written Quotation from

	other suppliers
Over £140,001	Advertise (including OJEU where appropriate) and invite a minimum four written Tenders

Works

Procurement Value	Procurement Procedure
Up to £150,000	Minimum of three Quotations /Tenders from South Tyneside supply list.
Between £150,001 and £500,000	Minimum of four Tenders from the Tyne & Wear Construction list, to include 2 South Tyneside firms
Between £500,001 and £3,500,000	Advertise (including OJEU where appropriate) and invite a minimum four written Tenders

We have introduced a “Contract Strategy” that highlights the need to consider sustainability in terms of local social, economical and community benefits for considerations.

There is a council policy to pay local suppliers in 14 days. We also have clauses, as appropriate, to ensure main contractors pay sub-contractors using the same payments terms that we have.

Regarding poor performance, we gather stats on all non-compliant spending and take this to a P2P Forum and/or Procurement Steering Group to resolve and address.

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):

Regularly engagement with SME’s at various forums is crucial. We have had feedback from businesses that this support is well received.

We undertook an exercise to look at our various contracts, what sector was providing these, and whether they were local, regional, or national businesses. This helps to highlight opportunities and enables targets to be set for the increase of spend with local SME’s.

We have benefitted from not developing our own bespoke tendering tool, but rather collaborating with other regional organisations to use one central portal.

We have increased local spend with SME’s through our use of social clauses.

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):

Trialling “Quick Quote”, NEPO’s web based low value quotation system. SME’s can register and gain access to all north-east local authority tenders. This provides an open, transparent and auditable electronic tender process, offering smaller companies improved visibility and

access to quotations.

Moving to an online PQQ to limit workload of re-entering the same data each time, benefit for smaller businesses.

Creating a simple flowchart which details all our procurement process. Once approved, this will be communicated to our suppliers to give them insight into the process, ensuring SME's are better prepared and offering transparency to all.

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 recently undertook an exercise to achieve better value for money through effective partnership working between Procurement, Adult Community Learning and the Third Sector.

We are required to commission qualified crèche workers, which would normally be done via the Agency contract we have in place. However, commissioning workers from the agency was expensive (as they had to be paid for at least half a day even though they only worked 1.5 hours) and the agency could not guarantee the same workers each time.

At the same time, the Council has funding for Adult Learning, which is targeted at those people furthest away from the labour market.

Working with a Third Sector organisation, we commissioned various levels of training, from non-accredited to Level 3 (literacy and numeracy). The Council also funded the Third Sector organisation to engage a high number of adults and gave them training in childcare.

Working with the Council, the Third Sector organisation set up a social business, involving a pool of people who had been trained as childcare workers. The Council then commissioned this organisation to provide the service, which ensured that we had consistency in staffing and whereby we only paid for the hours that were actually worked.

As well as this, it also had the huge benefit of putting local people, who had previously been long-term unemployed, into work, dramatically improving their quality of life.

This has subsequently been identified nationally as an excellent model and we have had requests from other local authorities to learn from us to implement a similar solution.

We have also implemented a social clauses strategy, which aims to secure Social Clauses within Council contracts, promoting employment opportunities for the Borough.

The Council uses its well-being powers to convert investment in regeneration and supply of goods and services into job and training opportunities, and to support local businesses and the voluntary and community sector.

For example, on large scale projects, where small local suppliers do not have the capacity or

expertise to carry out the entire project, we set as part of the contract, a percentage of work that the main supplier has to sub-contract locally and a percentage of unemployed people that the contractor has to employ via the apprenticeship scheme.

We regularly consult with local small businesses to ensure that our residents can compete for vacancies and that employer's can fill their vacancies with a sustainable and reliable workforce.

Since April 2012 we have supported the creation of 96 jobs for local unemployed residents, many of them apprenticeships, within local small businesses.