

Report to: **Audit and Best Value Scrutiny Committee**

Date: **3 March 2010**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Scrutiny review of County Council procurement with Small and Medium Sized Enterprises (SMEs)**

Purpose of report: **To provide an update on the development of a construction supply chain readiness network now known as "Build East Sussex"**

RECOMMENDATION: That the Committee notes the launch of Build East Sussex and receives a further report in due course on progress against key performance indicators.

1. Financial Appraisal

1.1 Funding for the County Council's contribution towards the development of Build East Sussex has been provided through £50k from the Recession Fund and £50k from CRD Resources. Brighton & Hove City Council has also provided proportionate funding. Financial provision is designed to secure the development and launch of the initiative plus running costs for 12 months from the launch. Thereafter the initiative is intended to continue, funded via contributions from principal contractors.

2. Background Information

2.1 Recommendations 4, 5 & 6 of the Final Report of the Scrutiny Review of County Council Procurement with Local Small and Medium Sized Enterprises (SMEs) were (to paraphrase):

- To arrange 'meet the buyer' events for SMEs where benefits can be identified.
- Contracting departments should publish forward procurement plans and forthcoming opportunities available.
- To welcome, endorse and actively promote the Property Services Supply Chain Readiness Network initiative, with Member engagement, and for Audit and Best Value Scrutiny Committee to monitor its impact over time on East Sussex based SMEs.

These, and other recommendations, were agreed by this Committee on 18 November 2009, Cabinet on 15 December 2009 and full Council on 9 February 2010. In terms of construction procurement the development of a construction supply chain readiness network is designed to address these three recommendations.

2.2 A bid to the Recession Fund for funding to develop this initiative was submitted in May 2009 and confirmation of funding from the fund and from CRD Resources was received in July 2009. Both West Sussex County Council (WSSCC) and Brighton & Hove City Council (BHCC) were invited to participate in the initiative. BHCC agreed to take part and have proven to be enthusiastic partners.

2.3 Moore Networking Ltd (MNL), successful facilitator of similar initiatives elsewhere, was appointed as specialist consultants. A Steering Group chaired by ESCC and also comprising BHCC, MNL, principal and strategic contractors of both ESCC and BHCC and various Business Support Organisations (BSOs), has met on 3 occasions since October 2009 to develop the initiative. The principal responsibilities of the various partners can be summarised as follows:

ESCC & BHCC To sponsor the project and provide strategic direction.

Principal Contractors	To place work to the network and contract it with local companies registered with the network.
BSOs	To help local companies registered with the network develop and win work from the Principal Contractors.
MNL	To advise and facilitate the network and develop the website application.

2.4 The objectives, roles and responsibilities of the various partner organisations have been agreed. A common Supplier Introductory Questionnaire and Professional Introductory Questionnaire have been agreed with all Principal Contractors. This means that registered companies only need to fill out one questionnaire. Key Performance Indicators (KPIs) have been adopted. These are set out in Appendix 1. It is suggested that progress against these is reported back to the Committee in due course.

2.5 Launch of the initiative at the East Sussex National Golf Club and Spa by Councillor Peter Jones and Councillor Ayas Fallon-Khan, Deputy Leader of BHCC took place successfully on 27 January 2010. This took the form of a 'Meet the Buyer' event. A layout plan showing the various exhibitors, including BSOs and the ESCC Buy with Confidence team, is shown in Appendix 2. Over 450 delegates attended the event which commenced at 3pm. Delegates were still arriving past 6pm. Some feedback comments received are set out in Appendix 3.

2.6 As at 10 February 2010, 166 companies had registered on the website. Of these 79% have under 25 employees and 53% have under 10 employees. Only 25 registrants did not ask for help from BSOs, although 15 had subsequently done so. There had been a total of 804 requests for help which have been forwarded to BSOs. 11 packages of work had been placed to the network (by 2 of the Principal Contractors) and we are working with the other Principal Contractors to ensure their placement of work. It has been indicated that Principal Contractors have £150 million of work to place within the next 12 months.

3. Future Developments

3.1 The Build East Sussex website (www.buideastsussex.co.uk) is the route through which local SMEs gain support and bid for work. A brief demonstration of the website will be given to the Committee.

3.2 To help companies develop there will be 3 workshops during the year and the 'Meet the Buyer' construction marketplace will be held again in February 2011. The draft agenda and location of the workshops are below:

Date	Location	Theme
April 2010	Brighton	Marketing for main contractors
June/July 2010	Hastings	Getting supply chain work
October 2010	Eastbourne	Sustainability

4. Conclusion and Reason for Recommendation

4.1 Build East Sussex has been launched successfully to address recommendations 4, 5 & 6 of the Scrutiny Review. Key Performance Indicators to measure the impact on the SMEs have been adopted and it is recommended that the Committee evaluate performance through these in due course.

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Members: All

BACKGROUND DOCUMENTS: Construction Supply Chain Readiness Network file

Example KPIs for consideration by the Build East Sussex Steering Group

General

1. No/% of local businesses in Main Contractor supply chains
Baseline and reviews established from information to be supplied by Main Contractors.

Events

2. Number (businesses/delegates) attending events
3. Number of repeat businesses/delegates to events
4. % customer satisfaction feedback from events

Database Registrants

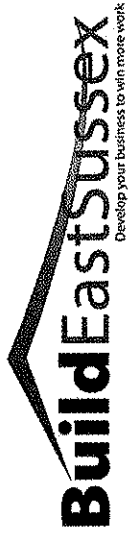
5. Of event attendees, X Number or % registered on the database
6. Of registrants, X No or % of SMEs requesting assistance

Sub-Contract Facilitation

7. Number/Value of jobs contracted by LA's to main contractor
8. Number of buyers using EOI/Tendering facility
9. Number and value of EoIs/Tenders posted on website
10. Number of SIQ/PIQ completions
11. Number of registered sub-contractors getting work
12. Value of packages contracted to registered subcontractors

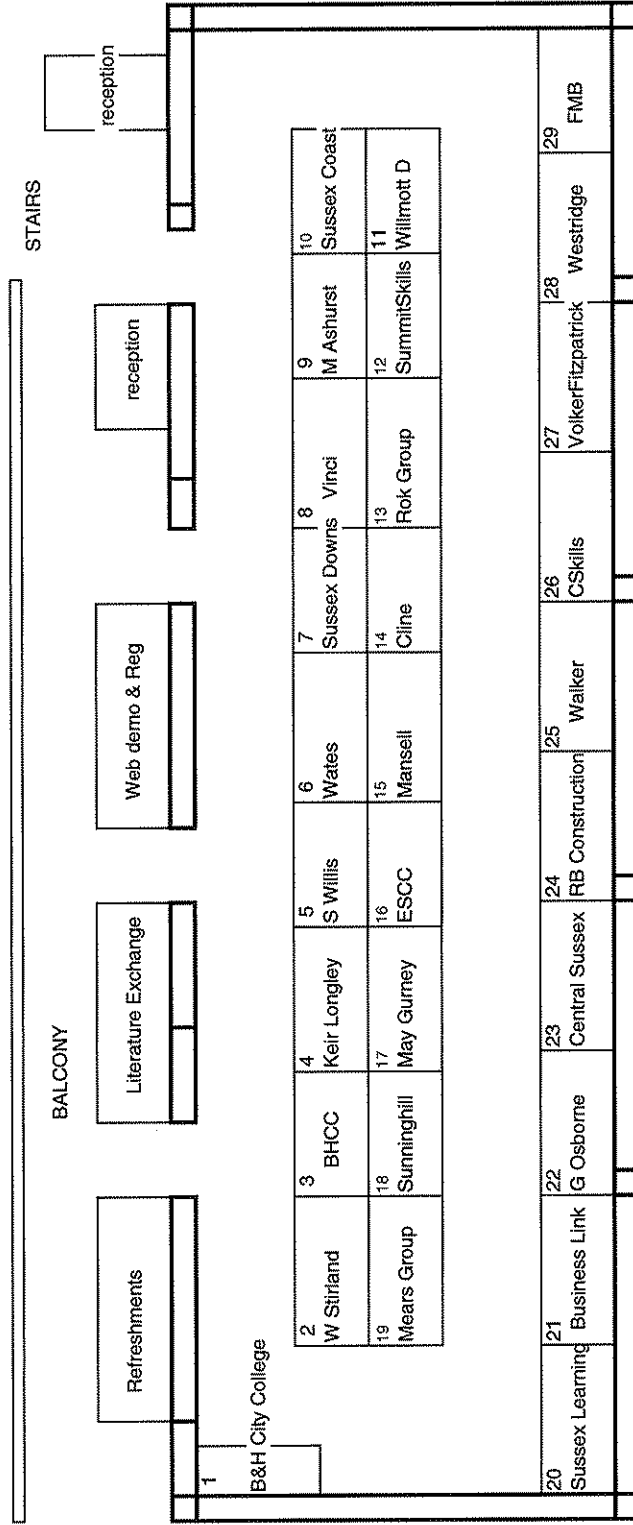
Potential Impact Measurement

13. Growth of sub-contractor businesses (t/o; employees; apprentices)



Launch Event

East Sussex National Golf Resort and Spa. Lynx Suite 27th January 2010



No	Organisation	No	Organisation
1	Brighton & Hove City College	13	Rok
3	Brighton & Hove City Council	5	Steve Willis Training
21	Business Link Sussex	12	SummitSkills
23	Central Sussex College	18	Summinghill Construction Co Ltd
14	Constructionline	10	Sussex Coast College
26	ConstructionSkills	7	Sussex Downs College
16	East Sussex County Council	20	Sussex Learning Network
29	Federation of Master Builders	8	Vinci Construction UK Limited
4	Kier Longley	27	VolkerFitzpatrick Ltd
15	Mansell Construction	2	W Stirland Ltd
17	May Gurney	25	Walker Construction (uk) Ltd
19	Meats Group Plc	6	Wates Construction Ltd
22	G Osborne	28	Westridge Construction Ltd
24	R B Construction Group Ltd	11	Willmott Dixon

Appendix 3

Build East Sussex Launch 27 January 2010 - Feedback

What the construction companies said:

- *"We have been in the construction Industry here in Sussex for 30 years and I thought we knew everyone involved in the Industry. I was wrong; we have met so many new faces today. This will give us an excellent opportunity to find new subcontractors to work with"* Sunninghill Construction Co Ltd.
- *"It's been brilliant. We've been in business for 30 years and we've met people on our doorstep that we didn't know existed. Subcontractors have come here with a passion for what they do."* RB Construction Group Ltd
- *"We were so pleased with the amount of interest. We were at the NEC for 3 days last year and we've had more people contact us here today than we did in the whole 3 days at the NEC."* Walker Construction (UK) Ltd
- *"This afternoon has proven to be a wonderful opportunity to meet with consultants, subcontractors and suppliers alike and we anticipate making the most of the introductions made and discussions had to widen our supply chain within the East Sussex area."* Vinci PLC

What the delegates said:

- *"Very impressed with the event. [We] will develop some really good business opportunities from today."*
- *"What a good event. I am very hopeful that something will come from today. Thank you."*
- *"The exhibition was excellent - I can't sing your praises enough. I am so glad I came today and have registered on the site."*
- *"It has been a great event and we've made some good contacts."*
- *"A great event and we made some good contacts and interestingly saw some old friends. It's always good to remind people that you are still around!"*
- *"What a great idea this is! We will definitely register back at the office so that we can keep in touch with the contacts we made today."*
- *"This is such a good idea. Thank you for giving us such a great opportunity to come and talk to the bigger companies."*
- *"Fantastic event, you should do more of these."*
- *"It was a really worthwhile event and we are glad we came along."*