

Committee	Audit and Best Value Scrutiny Committee
Date	1 September 2010
Report By	Deputy Chief Executive and Director of Corporate Resources
Title of Report	Scrutiny Review of Procurement with Small and Medium Sized Enterprises (SMEs) in East Sussex (Six Month Monitoring Report)
Purpose of Report	To report on progress against the recommendations agreed by Cabinet on 15 December 2009, following the Scrutiny Review

RECOMMENDATION: The Scrutiny Committee is invited to consider the progress made in delivering the recommendations of the Scrutiny Review of procurement with SMEs.

1. Financial Appraisal

1.1 The financial costs of the recommendations will be managed within existing budget provision. 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 Supporting Information

2.1 The original scrutiny report was considered by Audit and Best Value Scrutiny Committee on 18 November 2009 and Cabinet on 15 December 2009.

2.2 Significant progress has been made in implementing the agreed recommendations of the scrutiny review as set out in Appendix 1. Seven recommendations have been fully implemented with the remaining three being partially implemented / work in progress. Remaining areas of work in progress are:

- R8 – review of options for e-tendering
- R9 – review of property select list
- R10a – review of options for providing “top-up” insurance for contractors

2.3 The Council successfully launched its Build East Sussex (BES) initiative in January 2010 and an update was provided to this Committee on 3 March 2010. A further update from the BES newsletter is included at Appendix B.

3. Conclusion and Reason for Recommendation

3.1 It is recommended that Scrutiny consider the progress made on the recommendations contained in the review, which will lead to an improvement in our approach to procurement from SMEs

SEAN NOLAN
Deputy Chief Executive and Director of Corporate Resources
20 August 2010

Contact Officer: Duncan Savage Tel. No. 01273 482330
Local Member: All

BACKGROUND DOCUMENTS

Scrutiny Review of procurement and SMEs

Appendix 1 – Scrutiny Review of procurement with small and medium sized enterprises (six month monitoring)

	Recommendation	Agreed	Name and Job Title of Person Responsible	Original Comments	Date of Implementation
1	<p>Contracting departments should publish clear information on the Council’s website, and elsewhere as appropriate, about how the select list process operates, to include:</p> <ul style="list-style-type: none"> a) the list of approved contractors, subdivided into categories where appropriate b) the procedure by which firms are called off the list to deal with ad hoc work or invited to tender c) the principle of rotation being used including who decides how to allocate each piece of work and the factors used 	YES	<p>Robin Hayler T&E Jeri Damman ASC Jane Lever CS Phil Tucker Property CRD</p> <p>Co-ordinated by Jonathan Campbell</p>	<p>The Council already has some information regarding Select Lists on the website procurement pages. All business units who currently have select lists have agreed to provide the additional information requested under a) b) and c) and this will be added to the Website</p>	1a) 1b) & 1c) IMPLEMENTED
2	<p>Contracting departments should publish clear details about how the framework system operates including:</p> <ul style="list-style-type: none"> a) the list of framework contractors for every framework b) the procedure by which contracts are allocated to framework companies 	YES	<p>Robin Hayler T&E Jeri Damman ASC Jane Lever CS Phil Tucker Property CRD</p> <p>Co-ordinated by Jonathan Campbell</p>	<p>The Council already has some information regarding Framework Agreements on the website procurement pages. All business units who currently have framework agreements have agreed to provide the additional information requested under a) and b) and this will be added to the Website</p>	2a) and 2b) IMPLEMENTED

3	All information published by the Council on its website about procurement processes, and details of select lists should include an email contact address to enable SMEs to communicate with the Council more easily	YES	Robin Hayler, Jeri Damman and Jane Lever to note requirement under 3b)	<p>3a) Action has already been taken on the website procurement pages to provide a key generic email address to help enquirers find out more about the main spend categories. There is also a common email address: procurement@eastsussex.gov.uk managed by Corporate Procurement to help those enquiring for other spend areas or making general enquiries.</p> <p>3b) All information to be added regarding Select Lists/ Framework Agreements etc will link to these key contact details.</p>	IMPLEMENTED
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4	Council departments to be encouraged to arrange “meet the buyer” events for SMEs where benefits can be identified; such informal meetings would enable two way communication: from the Council about the types of contracts and subcontracts coming up, also to involve the framework contractors; and from suppliers about the kinds of contracts they would be interested in	YES	All PSG Members to action 4a) Action on 4b) and 4c) is being led by Property CRD-see Recommendation 6 below	4a) Most departments have over the years held pre-advert/ pre-tender “Meet the Buyer” events to attract interest and explain any specific procurement requirements. However, they may not have involved the current framework or other select list contractors. They will be asked to do this from now on. 4b) There is scope to explore how best the Council can work with its framework contractors and local companies to improve potential for expansion of the role local SMEs have as sub-contractors. 4c) There is also the opportunity to actively research specialist “Supply Chain Network” events used in other areas.	4a) IMPLEMENTED 4b) and 4c) IMPLEMENTED- action is being led by Property CRD-see R 6 below
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5	Contracting departments should publish forward procurement plans, together with lists of contracts awarded and forthcoming opportunities available that are likely to be of interest to SMEs; this will assist SMEs to better assess whether to engage in the procurement processes of the County Council	YES	All PSG members to note 5a) Action on 5b) is by CPT CRD All PSG members to be reminded of 5c)	5a) Departmental 3 year forward plans for procurement already exist as part of the Council's Procurement Strategy document, on the website. 5b) The Council's electronic contracts register is to be linked to the Council's website under an enhancement agreed with ICT and the Web team 5c) All forthcoming business opportunities (tender notices) are now placed via the SEBP (South East Business Portal) -a high level link straight from the Council's website procurement pages to the SEBP site, in line with other Sussex councils.	5a) 5b) & 5c) IMPLEMENTED
6	To welcome, endorse and actively promote, the Property Services Supply Chain Readiness Network Initiative, with Member engagement, and monitor its impact over time on East Sussex based SMEs	YES	John Morris-AD CRD Property	The Property Services Supply Chain Readiness Network is underway	IMPLEMENTED

7	<p>(a) Ensure that the nature and impact of the “25% of turnover” rule is clear in the documentation available to SMEs</p> <p>(b) Provide assurance that there is sufficient flexibility in the operation of the rule to ensure that any individual company is not unnecessarily disadvantaged</p>	YES	Action on 7a) and 7b) is being taken jointly by CPT and Finance CRD	Pre-qualification documentation will make clear the nature and impact of the 25% of turnover rule. Flexibility in the operation of the rule has been agreed with Finance CRD using a Risk Assessment approach	7a) and 7b) IMPLEMENTED
8	<p>(a) To welcome the promotion and development of web based systems for publicising and advertising contracts. In addition, to endorse the use of electronic auctions for easily specified, low-risk procurement</p> <p>(b) To endorse the Council’s current position that electronic tendering has the potential to disadvantage some SMEs who may not be sufficiently e-enabled to respond electronically, and should therefore not be the sole access channel for participation</p>	YES	<p>All PSG Members to note 8a)</p> <p>Action on 8b) is being led by CPT CRD</p>	<p>8a) The Council has moved to web-based systems for publicising and advertising contracts, and has access to e-auctions where appropriate</p> <p>8b) The Council continues to review the business case for electronic tendering</p>	<p>8a) IMPLEMENTED</p> <p>8b) The Council is reviewing its options for the introduction of electronic tendering later in 2010</p>

9	That Property Services officers review the structure, feasibility and benefits of refreshing or eliminating the Council's property related Select Lists, once the Tier 2 and 3 contractor frameworks are in place at the end of 2009, with particular reference to specialist suppliers	YES	John Morris-AD Property CRD	A review of the structure, feasibility and benefits of refreshing or eliminating the Council's property related Select List will be undertaken early in 2010	The review will be finalised following a presentation by Constructionline on 05/08/2010
10	<p>(a) To welcome the investigations being carried out to assess whether the Council can provide cost effective top-up public liability insurance for SMEs and report progress to Audit and Best Value Scrutiny Committee in due course</p> <p>(b) To welcome the flexible approach which permits a reduction of public liability insurance cover below the default £10m for low-risk contracts, and ensure that procurement managers are made aware of this opportunity. Annual monitoring reports to include details of contracts where flexibility has been exercised</p>	YES	<p>Action on 10a) is being led by Rawdon Phillips</p> <p>Action on 10b) I being led jointly by Rawdon Phillips and Jonathan Campbell</p> <p>PSG to note 10b</p>	<p>10a) the potential for top-up PL Insurance will be reported to ABVSC in due course</p> <p>10b) the Council's guidance on PL Insurance has now been amended to allow for this more flexible approach</p>	<p>10a) Unfortunately this has not progressed as quickly as anticipated. However, the Council is now in final negotiations with a potential service provider, and we expect to be able to present some concrete proposals in the next few months.</p> <p>10b) IMPLEMENTED</p>

Appendix 2

Build East Sussex Newsletter (extract) August 2010-08-17

More than 350 firms have now registered as the Build East Sussex network continues to grow and develop. The network website showcases the talents of local firms and network buyers have posted over 120 work and tender opportunities so far - and the network Steering Group is looking into ways to find even more work opportunities for member firms going forward. Already the network buyers are contacting new suppliers and awarding work to them through the Build East Sussex network. Ray Walker, Managing Director of Walker Construction told BES News

"We are working on the conversion of the old Woolworths in Rye to a new library for the town. East Sussex County council is the client and the project value is £550k. The works are diverse and include a complete strip out and refurbishment, a new lift and external improvements plus full electrical and mechanical works. Through the network events we attended in Uckfield and Brighton we asked several Sussex based contractors to price elements of the work and we have awarded contracts to 3 of them."

Flat Roofing Membranes of Selmeston are one of the firms awarded the work and Managing Director Julian Rodgers said that joining the network has proved to be a good move.

"We've won the Rye Library job and another contract at Willingdon School for Walker Construction. We're also following up a number of other leads we got through Build East Sussex and we'll have to wait and see if they come to anything but we're hopeful we'll get the work. As a local firm it's good to see that there is a renewed interest in using us and joining Build East Sussex was free so we had nothing to lose and plenty to gain by becoming members."

The next Build East Sussex networking event will be on the 19th of October in Eastbourne.