



Derby City Council

**Cost of Living Overview and Scrutiny Board  
22 September 2014**

Report of the Director of Finance and  
Procurement

# ITEM 8

## **'Buy Local' an update on the work to maximise the economic benefit from procurement expenditure.**

### **SUMMARY**

- 1.1 This report has been prepared to demonstrate progress on the 'Buy local' initiative previously described in the April 2013 Cabinet paper. This report included as Appendix 2.
- 1.2 The supporting information in section 4 indicates the continuing actions taken by the procurement team to promote Derby City Council (DCC) procurement opportunities to Derby business and voluntary sector groups. The actions are grouped into three areas:
  - Internal Actions
  - Engagement
  - **Awareness and Promotion**

**Section 4.4 contains statistics indicating the use by DCC of Derbyshire based and East Midlands based organisations for the years 2011, 2012 and 2013. The figures show a steady increase in business for local businesses.**

- 1.3 It should be noted that DCC procurement is subject to UK and EU legislation which prohibits discrimination in favour of local suppliers. The actions taken to support local businesses are designed to assist them to compete for Council business effectively and are consistent with the requirement to promote free and fair competition for contracts.

### **RECOMMENDATION**

- 2.1 To note the contents of the report

### **REASONS FOR RECOMMENDATION**

- 3.1 The report has been prepared at the request of the Chair of the Cost of Living Overview and Scrutiny board.

## **SUPPORTING INFORMATION**

### **4.1 INTERNAL ACTIONS**

- 4.1.1 The procurement team continue to seek opportunities to include social value requirements of benefit to Derby in procurement tender specifications. This includes pre-procurement consultation for all higher value service requirements which is a mandatory requirement of the Social Value Act.
- 4.1.2 The procurement team continue to promote the inclusion of a minimum of one local supplier when quotations for lower value order are sought by DCC officers.
- 4.1.3 The procurement team continue to promote the use of corporate procurements cards for very low value requirements. In the majority of cases these are used for immediate local requirements.
- 4.1.4 Procurement documentation has been simplified for lower value requirements to make it more accessible for local SMEs. In addition DCC has implemented an e-tendering system in collaboration with seven other authorities. This means that local suppliers will be familiar with the tendering system and processes when dealing with authorities across the East Midlands.

### **4.2 ENGAGEMENT**

We continue to maintain links with the Chamber of Commerce, Federation of Small Businesses and voluntary groups such as Derbyshire Action Network and the Social Enterprise network.

### **4.3 AWARENESS AND PROMOTION**

#### Training events – ‘How to do business with the Council’.

A major workshop was run in conjunction with the Chamber and the Federation of Small Businesses which over 50 businesses attended. The procurement team also invited buyers from Derby Homes, Derby University, and Erewash Borough Council to attend and delegates were able to make direct contact with them.

A training event was held with members of the Social enterprise network to advise them on how to best complete tender submissions.

Three half day workshops have been run for voluntary organisations where they get to understand public sector procurement processes and what buyers are looking for in a good bid submission. A further workshop is planned for September.

- 4.4 Source Derbyshire, our website for advertising procurement opportunities, continues to be promoted to local businesses. Other local public bodies such as the Derbyshire Fire service, Derby University and College have been encouraged to advertise their requirements on the site, thus increasing opportunities for local businesses and

voluntary groups.

#### 4.5 WHAT HAS BEEN ACHIEVED?

The number of local suppliers receiving contracts has increased in over the last two years as illustrated in the table below.

	2011	2012	2013
Suppliers in Derbyshire (Number)	39%	44.7%	55.16 %
Suppliers in East Midlands. (Number)	51%	59.7%	66.17 %
Suppliers in Derbyshire ( % of expenditure)	n/a	43.6%	57.62 %
Suppliers in East Midlands (% of expenditure)	n/a	50.7%	66.60 %
% of Contracts Awarded (Over £30,000*) Derbyshire	40%	41.82%	42.9%
% of Contracts (Over £30,000) East Mids	65%	56.67%	57.3%
Value of Contracts (Over £30,000) Derbyshire % of spend	n/a	45.08%	49.1%
Value of Contracts (Over £30,000) East Mids. % of spend	n/a	55.68%	60.6%

- Suppliers in Derbyshire = suppliers based locally who have received DCC orders / contracts.
- \*£30,000 is the threshold for formal tendering of contract requirements and the threshold for inclusion on the corporate contracts register

#### OTHER OPTIONS CONSIDERED

5.1 None – the programme of initiatives and future actions was endorsed in 2013.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b>	Janie Berry Martyn Marples
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<b>Service Director(s)</b> <b>Other(s)</b>	Members of Leadership Group
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Ray Poxon 01332 643271 e-mail ray.poxon@derby.gov.uk Cabinet Paper April 2013 'Buy Local' initiative included as Appendix 2 Appendix 1 – Implications

**IMPLICATIONS****Financial and Value for Money**

- 1.1 The initiatives support the principle of competition and best value. By increasing awareness of Council requirements to local businesses and equipping them to compete effectively will potentially drive down costs whilst boosting the local economy.

**Legal**

- 2.1 The initiatives are fully compliant with the EU procurement regulations and Social Value act 2012

**Personnel**

- 3.1 There are no implications for DCC personnel.

**IT**

- 4.1 There are no IT implications resulting from the initiatives.

**Equalities Impact**

- 5.1 The initiative seeks to broaden access to DCC contracts for SMEs, voluntary groups and social enterprises. In addition we include our equality and diversity requirements as part of our workshops and offer the support and guidance of our Lead on Equality and Diversity. Several small businesses have followed this up with her.

**Health and Safety**

- 6.1 There are no H & S implications resulting from the initiatives.

**Environmental Sustainability**

- 7.1 There are no environmental sustainability implications resulting from the initiatives

**Property and Asset Management**

- 8.1 There are no environmental sustainability implications resulting from the initiatives.

**Risk Management**

- 9.1 Care has been taken to ensure that the risk of challenge under the procurement regulations is not affected by this initiative.

**Corporate objectives and priorities for change**

- 10.1 The initiative supports the objective 'Inspiring working life by improving skills and creating jobs'.

Cabinet report previously submitted to Cabinet in April 2013



Derby City Council

## **COUNCIL CABINET**

17 April 2013

Report of the Cabinet Member for Resources  
and Deputy Leader

## **APPENDIX 2**

### **'Buy Local' – Initiatives underway to maximise benefits to the local economy from Derby City council Procurement expenditure**

#### **SUMMARY**

1.1

The Council Administration, since coming to power in May 2012, is committed to providing strong local leadership in its drive to boost the local economy, protect jobs and support SMEs at a time of unprecedented Government cuts and an uncertain economic growth projection. The report details the actions taken to ensure that the 'local and social' impact of sourcing decisions are considered when procuring contracts, and the efforts made by the procurement team to raise awareness of DCC, and other local authority procurement opportunities.

1.2

DCC procurement is subject to EU and UK regulations designed to ensure free and fair access to, and competition for, public sector contracts. They set down procedures and standards for choosing tenderers and awarding contracts. The regulations set thresholds for contract values, contracts over £173,934 have to be processed in accordance with strict rules. Under that value DCC rules apply.

All procurement activity must demonstrate transparency, equal treatment and be non-discriminatory.

1.3

The Council may not legally discriminate in favour of local suppliers, however actions have been undertaken to assist local businesses in bidding for Council opportunities.

#### **RECOMMENDATION**

2.1

To note the actions taken to date to maximise benefits to the Derby economy from Procurement expenditure.

2.2

To agree actions to be taken during 2013 to further develop this initiative. These are outlined in Section 6.

#### **REASONS FOR RECOMMENDATION**

3.1 The work will complement other Council initiatives to support the Derby economy.



## **COUNCIL CABINET**

17 April 2013

### **Report of the Strategic Director for Resources and Deputy Leader**

#### **SUPPORTING INFORMATION**

4.1 The Procurement team have prepared a number of initiatives designed to increase the local and social benefit gained from procurement expenditure. Progress against each of these areas has been made and is detailed in paragraphs 4.2 to 4.4..

The initiatives follow three key themes of:

- Internal actions
- Engagement with Local stakeholders
- Raising Awareness and Promotion of DCC Opportunities

#### **4.2 Internal Actions**

	<b>Initiative</b>	<b>Progress to date</b>
4.2.1	Consider the local and social impact in all sourcing strategies and incorporate social clauses in all contracts where appropriate. The Public Services (Social Value) Act 2012 now makes this a requirement for above threshold requirements for services.	A procurement considerations checklist which includes the requirement to identify potential local and social benefits is in use.
4.2.2	Brief DCC budget holders to include at least one local business when seeking quotations for contracts below £30,000.	Instruction issued and this instruction is included in the March 2013 version of contract Procedure rules.
4.2.3	Introduce Procurement (Visa) cards for low value purchases to speed payment and reduce bureaucracy for local businesses.	A pilot procurement card programme with 25 cardholders has been successful and a further 50 cards are to be issued. Cards allow suppliers to receive payment in 3 days.
4.2.4	Ensure that documentation particularly for low value, low risk requirements are easy to understand and complete.	Procurement documentation has been reviewed to simplify for the low value, low risk requirements.

#### **4.3 Engagement**

	<b>Initiative</b>	<b>Progress to date</b>
4.3.1	Proactively engage with businesses via the Chamber of Commerce and	Meetings have been held with representatives of the Chamber. As a

	Federation of Small businesses (FSB) to raise awareness of DCC Procurement methods and sources of information. In addition provide information and support via these groups designed to boost their members chances of winning business. Attend 'meet the buyer' events to make contact with and advise local businesses.	<p>result they now publicise DCC Procurement opportunities in their newsletter and the Head of Procurement has made two presentations to the Chamber membership.</p> <p>Procurement staff have attended two, day long, 'Meet the buyer' events. Over 40 local businesses had one to one discussions at these events.</p> <p>The Head of Procurement addressed the FSB membership at their AGM on the subject of 'Top tips to win Council contracts'.</p>
4.3.2	Engage with Third sector voluntary organisations via Community Action Derby, to ensure they are aware of procurement opportunities.	Meetings have been held with Community Action Derby. Procurement has featured in their newsletter and they are promoting DCC opportunities to their members.

#### 4.4 Awareness and Promotion

	Initiative	Progress to date
4.4.1	Raise awareness of the Source Derbyshire website	Source Derbyshire has been promoted via the Chamber of Commerce, FSB and Community Action Derby organisations.
4.4.2	Ensure details of current contracts with expiry dates are available on the DCC website.	Potential suppliers can see when existing contracts expire and plan accordingly.
4.4.3	Hold joint training events for small businesses with both Chamber of Commerce and Federation of Small Businesses designed to equip businesses with the skill to submit successful bids for tenders.	Two training events have been held with the FSB and one with the Chamber of Commerce.
4.4.4	Encourage larger suppliers to allow local SMEs and social enterprises to bid for subcontract opportunities, for example in larger capital projects.	Tenders issued for major projects include the requirement for contractors to demonstrate how they will support local initiatives. For example by recruiting via the local job centre, offering training and apprenticeship opportunities and including local suppliers when tendering.
4.4.5	Encourage collaborations of small and medium sized enterprises (SMEs) to bid for work.	As part of our training sessions and awareness raising meetings with the Chamber etc. it has been made clear



		that collaborative groups of suppliers may bid for DCC opportunities.
4.4.6	Facilitating trade between local businesses	Consideration was given to developing an 'on-line' business directory to facilitate trade between Derby businesses. Investigation revealed that a number of 'on line' business directories already exist. These are listed in appendix 2. These directories are listed as a resource on the Council website. The details will also be provided when presenting to Derby businesses for example at Chamber of Commerce and Federation of Small business events.

## 5. Future Work for 2013

- 5.1 To develop an event for Derby businesses in conjunction with the Chamber of Commerce and Federation of Small business to promote awareness of Council procurement opportunities and provide training on how to respond to these opportunities and public sector opportunities in general.
- 5.2 To continue with the initiatives outlined above and in particular continue the dialogue with voluntary sector groups in order to ensure that their expertise is utilised in developing opportunities for increasing social value as required under the Social Value Act.

## OTHER OPTIONS CONSIDERED

6 None

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples      Roger Kershaw
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Ray Poxon 01332 643271 ray.poxon@derby.gov.uk None Appendix 1 – Implications