



Derby City Council

COUNCIL CABINET
17 April 2013

ITEM 14

Report of the Cabinet Member for Business,
Finance and Democracy and Deputy Leader

'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 5.

REASONS FOR RECOMMENDATION

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

**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

	Initiative	Progress to date
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

	Initiative	Progress to date
4.3.1	Proactively engage with businesses via the Chamber of Commerce and Federation of Small businesses (FSB) to raise awareness of DCC Procurement methods and sources of information. In addition provide	Meetings have been held with representatives of the Chamber. As a result they now publicise DCC Procurement opportunities in their newsletter and the Head of Procurement has made two presentations to the Chamber membership.

	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>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.

	Initiative	Progress to date
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:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Martyn Marples Roger Kershaw
For more information contact: Background papers: List of appendices:	Ray Poxon 01332 643271 ray.poxon@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Existing Business Directory websites

IMPLICATIONS

Financial and Value for Money

- 1.1 The report highlights the work done to increase local business participation in procurement activities. Once a competitive tender is launched each participant must demonstrate best value against the preset criteria. Costs should not increase due to this initiative.

Legal

- 2.1 The Procurement team ensure that the actions taken maintain compliance with UK and EU Procurement legislation.

Personnel

- 3.1 The work will be provided from existing DCC resources.

Equalities Impact

- 4.1 The proposal supports initiatives to increase training opportunities within the supply chain.

Health and Safety

- 5.1 None.

Environmental Sustainability

- 6.1 The use of local suppliers reduces the environmental impact of transport.

Property and Asset Management

- 7.1 None.

Risk Management

- 8.1 None.

Corporate objectives and priorities for change

- 9.1 The initiative seeks to support the objectives of:
 A thriving sustainable economy
 People achieving their learning potential
 A skilled and motivated workforce.

Existing Derby Business Directory Sites
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<http://www.iderbyshire.co.uk/>

<http://www.derby-business.co.uk/>

<http://www.touchderby.com/>

http://www.freeindex.co.uk/east_midlands/derby/derby/

<http://www.citylocal.co.uk/cities/Derby/business/A-Z-business-categories/>

<http://www.business-directory.org.uk/derbyshire/>

<http://www.derby.org.uk/>

<http://www.resourcelinks.net/derbyks.htm>

<http://www.uksmallbusinessdirectory.co.uk/towns-listed.asp?strTown=derby>

<http://www.derbyshireuk.net/buss2.html>

<http://www.thomsondirectories.com/yourlocal.aspx>

<http://www.aubdderbys.co.uk/> (Age UK a service for consumers)