



## POLICY AND RESOURCES SCRUTINY COMMITTEE – 19TH JANUARY 2010

**SUBJECT: SME AND VOLUNTARY SECTOR DEVELOPMENT**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update in relation to Small to Medium size Enterprise (SME) and Voluntary Sector Development with Caerphilly.

### 2. SUMMARY – BACKGROUND INFORMATION

- 2.1 Over the past few years, a significant problem facing the public sector has been the engagement of Small to Medium size Enterprises. Caerphilly County Borough Council recognised this and made significant progress in this arena through the employment of an SME Development Officer in 2004, based within the Procurement department and dedicated to the development of local business.

Key drivers for the development of SME's were primarily to:

- Develop local supply chains
- Increase the corporate spend with SME's
- Increase the number of SME's the authority trades with

- 2.2 The Authority has fully embraced the principles of the Welsh Assembly Government's - Opening Doors Charter and endorsed the document at the highest level in 2006. In doing so the Authority agreed to support and encourage the development of small to medium size enterprises. Caerphilly is one of a limited number of authorities to make this commitment at Cabinet level. In order to measure the impact of local spend the Authority has identified and agreed at Cabinet level its definition of "Local" as -

"Local spend with producers/suppliers from within the Welsh Purchasing Consortium area".

- 2.3 99% of all Welsh Businesses are SME's and experience told us that the local smaller organisations lacked the knowledge, and to an extent, the ability to tender for public sector contracts. Therefore to facilitate this, a structured training programme in the form Seminars, Workshops and Projects was developed.
- 2.4 In April 2008 the structure of the SME Development Officer role was changed to identify the need of working more closely with Voluntary Sector Organisations. The title of the post has now been changed to Supplier Relationship Officer and a structured training programme was also replicated for the Voluntary Sector Organisations.
- 2.5 Over the past three years the Corporate Procurement Department has also seen a significant increase in the number of contracts awarded to local suppliers following open and competitive tender processes. The department has developed Key Performance Indicators to capture this data and the following outcomes were achieved:

- 2.5.1 Total number of local suppliers invited to tender has increased from 314 (2006/07) and 463 (2007/08) to 564 in 2008/09.
- 2.5.2 Total number of local suppliers awarded contracts has increased from 62 (2006/07) and 100 (2007/08) to 185 in 2008/09.
- 2.5.3 Total number of local suppliers awarded contracts for the period of April 2009 – September 2009 is currently 73, this is an increase from the previous years figure of 62 for the first six months of the financial year.

### **3. LINKS TO STRATEGY**

The development of SME's and Voluntary Sector Organisations links with the following strategies:

- 3.1 The principals of 'Opening Doors, the Charter for SME friendly Procurement' which aims to nurture and develop local SME's and Voluntary Sector Organisations.
- 3.2 Procurement Services Key Performance Indicators, with regards to measuring the number of local businesses requesting documentation, quoting/tendering and successfully winning contracts.
- 3.3 Procurement Service Improvement Plan 2009/10 - to develop the supply chain in critical areas of supply with a mixed economy of suppliers and to ensure the Authority has a choice of providers when delivering critical services.
- 3.4 Voluntary Sector Compact Action Plan 2008-2012 – ensuring that Voluntary Sector organisations are given every chance in successfully securing contracts with the Authority following fair, open and transparent procurement processes.

### **4. THE REPORT**

#### **Benefits & Outcomes**

- 4.1 Throughout the period of the structured training programme data was captured in relation to the benefits and how spend increased with local SME's following increased knowledge of public sector procurement.
- 4.2 During 2008/09 the authority spent 62% of it's third party spend for goods, works and services with SME's, this is an increase of 13% based on the previous years figure.
- 4.3 The Supplier Relationship Officer and E-Procurement Team are also working with a number of local suppliers in relation to the xchangewales project – Caerphilly being one of the first organizations to implement such a major change to our processes has had to work extensively with our suppliers in order to assist them with becoming familiar and confident with using electronic systems.
- 4.4 The new hospital development – Ysbyty Ystrad Fawr has generated significant interest from local businesses, the Supplier Relationship Officer is currently working with Gwent NHS Trust, BAM Construction & Lorne Stewart to identify contract opportunities for local SME's. Although many of the contracts have been awarded all parties have agreed to regularly consult CCBC Procurement on any ad hoc requirements to ensure local businesses are given opportunities.
- 4.5 In addition to the above, the role of the Supplier Relationship Officer and Supplier Development is essential to provide support and guidance on Welsh Assembly Government initiatives and areas such as housing stock in accordance with the Welsh Housing Quality

Standard.

- 4.6 Having a dedicated Supplier Relationship Officer has enabled the key objectives of the Authority to be met, with an increased spend and a much-improved confident supply base. However this initiative would not work if the whole Procurement Team did not actively commit to the Opening Doors principals.

## **FUTURE PLANS**

- 4.7 The Supplier Relationship Officer has developed a local Procurement Plan and the Procurement Team are continuously challenging the way in which the organisation spends it's money to impact areas such as procuring more for less, regeneration and our local community including SME's and Voluntary Sector Organisations.
- 4.8 Throughout the duration of 2010 – 2011 the Supplier Relationship Officer will analyse the CCBC Procurement Sourcing Plan and relevant plans from the Welsh Purchasing Consortium and Value Wales and will actively inform suppliers of forthcoming tender opportunities, the Supplier Relationship Officer also plans to investigate possible opportunities of advertising lower value contract arrangements.
- 4.9 The Supplier Relationship Officer in conjunction with the Principal Procurement Officers will also complete a Supply Voids exercise and analyse each contract within the Directorate areas to identify Supply Voids. The completion of this exercise will also allow the Supplier Relationship Officer to identify where goods, services or works are not being procured locally and the reasons for this. Following this exercise the Supplier Relationship Officer can devise an action plan for the void areas and help develop the supply chain where possible in order to eliminate these voids.
- 4.10 Work will also be undertaken in conjunction with Department of Economy & Transport (DE&T) on the Heads of the Valley Project, the Supplier Relationship Officer will liaise with the dedicated Project Manager to identify priority areas and categories of business to develop suppliers and provide support to identify new projects and contract opportunities that may be of interest.
- 4.11 In addition the Supplier Relationship Officer is actively working with the local Voluntary Sector Organisations to develop their knowledge and skills to enable them to bid for public sector contracts. An introductory workshop has been undertaken and procurement packs produced to assist the Voluntary Sector with the process of tendering for work. The Corporate Procurement Unit also feeds into the Voluntary Sector Compact Action Plan and has committed to working with GAVO and other partners to develop a suitable training programme if required.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 No financial implications

## **6. PERSONNEL IMPLICATIONS**

- 6.1 No personnel implications

## **7. CONSULTATIONS**

- 7.1 Consultation has taken place and comments and views are reflected in the report.

## **8. RECOMMENDATIONS**

- 8.1 It is recommended that P & R Scrutiny note the actions undertaken by Procurement Services in developing the local supply chain and endorse our future aims and objectives in this area.

## **9. REASONS FOR THE RECOMMENDATIONS**

- 9.1 To ensure members are fully involved and aware of proposals to future development of the local SME's and Voluntary Sector Organisations.

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