



ESPO MANAGEMENT COMMITTEE – 6 MARCH 2014

REPORT OF THE CONSORTIUM TREASURER

PUBLIC PROCUREMENT AND SMALL & MEDIUM-SIZED ENTERPRISES

Purpose of Report

1. The purpose of this report is to update the ESPO Management Committee on progress against the SME action plan which it had agreed on 7th March 2013.

Background

2. The Management Committee considered a report of the Interim Director on 27th September 2012, the purpose of which was to consider the extent to which ESPO supported SMEs and how this support could be developed.
3. The Senior Officer Group (SOG) was asked to undertake work on further improving the accessibility of ESPOs procurement processes to SMEs; in particular to prioritise and move forward on the top four or five possible actions referred to in paragraph 18 of the above report;
4. At its meeting on 7th March 2013, the Management Committee formally endorsed the priority activities suggested by SOG. These priority activities form the detailed workplan in relation to SMEs as referenced in the SOG Workplan 2013/14 elsewhere on the agenda for the meeting.
5. It is worth remembering that although there are benefits to encouraging small businesses there are similarly good reasons for ESPO to work with a mixed economy of providers including large companies. These include: -
 - ESPO having access to the full market in order to drive competition and innovation
 - The actual price benefits available from aggregating expenditure,
 - The reduced transaction and contract management costs associated with maintaining fewer suppliers
 - The ability to vary contractual arrangements easily to meet changing needs

Update on Progress

6. SOG has continued to work on the priority activities and reported its progress to the Chief Officer Group (COG) at its meeting on 3 March. In considering that progress, a more comprehensive update of which is included as Appendix 1 to this report, COG noted that in the last 12 months SME takeup of ESPO contracts was at 55%, although this needed to be taken in context, i.e. a number of contracts issued by ESPO to national companies were then subcontracted to local suppliers which would not be included in the headline figure. COG also considered that to provide an ongoing direction of travel for Members, of appropriate SME performance data should be included within future updates to ESPO's balanced scorecard.

7. In considering progress, Management Committee should note that COG does not consider the SME workstream as a task and finish project. It is recommended that this workstream remains part of the on-going SOG workplan with progress reported annually to COG as part of the general report against the SOG workplan and to Members via the Director's Progress Report, as appropriate.

Management Committee is specifically asked to note the following key points: -

- I. ESPO demonstrated its commitment to the SME agenda by signing a Small Business Charter in September 2013
- II. A common definition of SMEs, a common data set and arrangements for baselining have been agreed consortium wide.
- III. ESPO has further simplified its PQQ and reinforced its approach in relation to Social Value.
- IV. Member authorities have agreed to retain local practice in relation to the flagging of contracts as 'SME' friendly following local consultation regarding the benefits or otherwise.

Recommendation

8. That the Management Committee:
 - (a) notes the progress made against the action plan;
 - (b) supports the COG recommendation to continue the development of this workstream with future SOG workplans;
 - (c) approves the inclusion of appropriate SME performance data within the ESPO balanced score card;
 - (d) confirms any additional activity it considers appropriate.

Background Papers

Report of the Director to Management Committee, 27 September 2012
– Public Procurement and SME's.

Report of the Consortium Treasurer to Management Committee 7th
March 2013 – Public Procurement and SME's.

Equal Opportunities Implications

9. The subject of this paper is how to remove the obstacles that restrict SMEs' access to public procurement processes and put them at a disadvantage to larger organisations, whilst ensuring compliance with procurement legislation, including the principle of non-discrimination.

Appendix

Appendix 1 – SME Progress

Officers to contact:

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