



East Ayrshire Council Procurement: Small and Medium Enterprises Guidance Procedure

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1. Overview

The East Ayrshire Council Procurement: Small and Medium Enterprises guidance procedure is a key Government procurement reform commitment. It aims to maximise opportunities for Small and Medium Enterprises (SMEs) to participate in local government procurement exercises.

The aim is to improve access to government procurement, opens up opportunities, supports competition and reduces the administrative burden on SMEs engaged in delivering goods, works and services to the Council.

The guidance procedure has been developed to significantly enhance support to SMEs by:

- Increasing opportunities for SMEs to gain Council business, mechanisms shall include SME targeted supplier events, awareness roadshows, meet the buyer events, training opportunities delivered in conjunction with Economic Development and the Supplier Development Programme (SPD)
- Providing SMEs with greater access to procurement opportunities, an annual procurement plan (tender wave plan) will be published on the Council's website, all contract opportunities will be advertised on the Public Contracts Scotland (PCS) website, contracts will be split into smaller 'Lots' to encourage local competition and SME participation, issuing low value quick quote opportunities to a minimum of 5 suppliers (where possible we will invite offers from at least 3 local suppliers)
- Removing or minimising barriers to procurement opportunities by reducing financial turnover values to twice the contract value
- To ensure, so far as reasonably practicable, that suppliers are paid within 30 days on receipt of invoice, this will include payments due by our contractors to their sub-contractors

SMEs and industry will benefit through easier, simpler and more attractive opportunities to supply goods, works and services to the Council.

Council departments will benefit through better services delivery, greater transparency and better value for money.

It is anticipated that East Ayrshire Council and local suppliers, SMEs, Third Sector bodies will all benefit through a more open, transparent and fair process for business engagement with the Council and a procurement landscape that allows for greater competition and innovation in service delivery outcomes.

Senior level commitment is a key part of implementing procurement reform. The Head of Legal, Procurement and Regulatory Services oversees the procurement reform programme within the Council.

The guidance procedure will be implemented progressively as part of the reform of local government procurement. It will be reviewed after 12 months to assess its effectiveness and adjusted as required.

2. SMEs and Procurement

The Council's procurement strategy recognises that value for money is about broader economic, social, environmental and sustainable benefits.

The Council is adopting a revised approach to procurement that aims to:

- Achieve better value for money and budgetary outcomes from procurement
- Achieve a strategic approach to procurement, fostering procurement as an enabler through early engagement, pre-tender planning and scoping with our internal and external stakeholders
- To conduct market research for projects and to engage and consult with suppliers and industry bodies
- Reduce administrative costs and duplication of the procurement function by using PCS and PCS-T to advertise procurement opportunities and to facilitate the tendering process
- Reduce red tape, improve competition and simplify access to procurement opportunities for suppliers, especially SMEs, Third Sector bodies and Supported Businesses
- Improve communication, advice and guidance to support local businesses, SMEs, Third Sector bodies and Supported businesses
- Simplify the regulatory and governance frameworks for procurement, with an increased focus on compliance, probity and equity
- Create an environment where our people are provided with the skills, knowledge, training and resources to deliver an excellent procurement service

3. Key objectives and principles

3.1 Objectives

The key objectives are to:

- Demonstrate leadership and corporate social responsibility by procuring sustainably and ethically and influencing suppliers, contractors, service providers and our collaborative partners to do the same
- SME's, third sector, social enterprises and the local business community will be encouraged and supported in their efforts to engage commercially with the Council
- We will work with these bodies to help them increase capacity and understanding of the procurement process and subsequent procurement systems
- The Council will use its contract and supplier relationship management processes to improve social, economic, environmental and sustainable arrangements within current and future contract opportunities
- The Council has a key role in stimulating complex markets in pursuit of a mixed provision of services and in ensuring equality of opportunity to do business exists
- Promote engagement with SMEs through regular forums, Meet the Buyer seminars and by issuing supplier surveys

3.2 Principles

The East Ayrshire Council Procurement: Small and Medium Enterprises Guidance Procedure applies the following principles:

- Ensuring open and transparent process for businesses to engage with the Council
- Supporting competition and innovation
- Creating full and fair access to all business
- Supporting probity and equity in all its procurements
- Ensuring value for money (including whole of life costs)

3.3 Implementation strategy

The main focus will be on the following 5 themes which will deliver East Ayrshire Council's Procurement: Small and Medium Enterprises Guidance Procedure:

1. Creating opportunities for local companies to do business with the Council
2. Making it easier to do business with the Council
3. Making it cheaper to do business with the Council
4. Better communication and advice to business
5. Simpler and standardised approach to procurement

4. Implementation strategies

4.1 Creating opportunities for local companies to do business with the Council

All service user departments need to be aware of the impact their procurement actions will have on SMEs.

Accordingly, service users will identify SME capability and prepare an options appraisal during the procurement planning stage.

The options appraisal identifies the suitability of the procurement project for SMEs and the opportunities it presents for them. This includes SMEs as direct suppliers to the Council or as part of the supply chain providing goods, works and services to the Council.

Tenders will also include quality criteria which will include how suppliers intend to support local businesses, including jobs, skills, capability development and wider community benefits.

4.2 Making it easier to do business with the Council

A major step in helping SMEs access opportunities is to simplify sourcing mechanisms and contract terms and conditions. This will be achieved by:

- Advertising all quick quote and contract opportunities on the Public Contracts Scotland website
- Using simpler documents for low value, low risk procurement - the Council will develop simpler documents including short-form contracts with more realistic terms and conditions and risk allocation suitable for SMEs
- Promoting the use of the Supplier Development Programme in order that our local businesses have access to relevant training and procurement guidance to apply for our contract opportunities
- Adopting online procurement technology solutions to streamline and improve the procurement processes - electronic procurement, such as eTendering, and eInvoicing reduces process time and costs for SMEs

4.3 Making it cheaper to do business with the Council

East Ayrshire Council is committed to making it cheaper for businesses to sell goods, works and services, through the following means:

- the Council will pay small businesses within 30 days - the Council recognises that a predictable cash flow is vital for small businesses and the 30 day payment policy introduces a fairer prompt payment system
- we will consider the use of electronic payment methods (where applicable), as these are the most cost effective ways to purchase goods, works and services. For low value/high volume invoice transactions we will engage with our suppliers as to the most beneficial payment method ie payment card, eInvoicing, consolidated billing etc

4.4 Better communication and advice to business

The Council will encourage SMEs to access information, guidance and procurement opportunities by:

- Publicising procurement opportunities on the Public Contracts Scotland (PCS) website, which automatically provides users with free notifications of tender opportunities and allows for free self-registration to make it simpler and cheaper for SMEs
- The Council's procurement website, now includes a specific section aimed at SMEs and gives access to all procurement information and tendering opportunities
- The procurement team will provide assistance and information to suppliers on a wide range of procurement services, we will organise and attend regular supplier events and will continue to have an 'open door' policy for suppliers to speak with the team
- The procurement team will provide unsuccessful tenderers with information which will allow them to improve their competitiveness for future opportunities

4.5 Simpler and standardised approach to procurement

It is our aim to ensure that our procurement processes and systems are standardised to allow SMEs to conduct business with the Council in a more effective and efficient manner. The new EU Procurement Directives and the Public Procurement Reform Bill have indicated a number of beneficial changes which will be incorporated into the Council's procurement processes over the coming months, these include:

- Division of our contracts into lots - there are a number of provisions relating to the use of lots. These are aimed at encouraging authorities to consider the structuring of opportunities to encourage SME participation. The Council will have an obligation to explain why contracts with a value over the threshold and under €500,000, has decided not to split a contract into lots
- Shorter statutory time limits – the statutory minimum time limits are as follows: **Open procedure**: 40 days from advertisement to submission of tenders reduced to 35 where tenders can be submitted electronically. Reduced to 20 days where a Prior Information Notice (PIN) is used and specific conditions met. **Restricted procedure**: 30 days for PQQ, 35 days from ITT to return, reduced to 15 days where a PIN is used and specific conditions met. Reduction of 5 days where tenders can be submitted electronically. **Competitive Negotiated procedure**: 30 days for selection stage, 30 days for tender stage. **Competitive Dialogue procedure**: 30 days for selection stage.
- Electronic procurement – there will be a mandatory requirement for the transmission of notices and tender documents, the Directives will impose the switch to full electronic procurement (including e-invoicing)
- Preliminary market engagement/consultation – we are now permitted to conduct pre-procurement market engagement/consultation with our suppliers
- Public Contracts Scotland – we will publish all of our contract opportunities on the Public Contracts Scotland web portal, all quick quotes and tender documents will be accessible to all suppliers via this portal – www.publiccontractsscotland.gov.uk

5. Key Action Elements Explained

5.1 30 day payment scheme

The Council recognises that a predictable cash flow is vital for small businesses. The 30 day payment term introduces a fairer prompt payment system for small businesses working with Council.

5.2 Online procurement technology solutions and Pcards

Online procurement technology solutions reduce process time and costs and streamline and improve procurement processes. SMEs will find it simpler and faster to get information, learn about supply opportunities and engage with the Council by using online procurement tools.

All Council procurement opportunities are advertised on the Public Contracts Scotland portal. Suppliers must be registered for Quick Quote and PCS-T.

The Council currently uses the PECOS online ordering system, suppliers will be encouraged to provide on-line catalogues/punch out catalogues which will enable our service users to procure goods and services from our contracted suppliers in a legally compliant manner. This will also allow the Corporate Procurement Team to monitor spend and to highlight any areas for future improvement.

Purchasing cards (PCards) are a cost effective way to purchase goods and services for low value, high volume transactions while maintaining appropriate management controls. This makes payment terms immediate, reducing administrative costs and removing another burden for small businesses. The Corporate Procurement Team in conjunction with the finance department will consider the use of pCards and CXML/e-invoicing and will consult with our suppliers as to the most appropriate method of payment.

5.3 SME communication, advice and website

Establishing a continuing program of SME-focused communication and advice will increase business awareness and will support business planning to capitalise on Council procurement opportunities.

This program will include:

- Giving adequate advance notice to suppliers of our procurement plans (tender wave plans) to enable planning for participation in Council tenders
- Undertaking pre-procurement supplier engagement and market research
- Providing supplier briefings to potential suppliers for complex tender submissions
- Attending meet the buyer events
- Promoting the Councils 'open door' policy for suppliers to speak to the Corporate Procurement Team
- Debriefing unsuccessful tenderers to improve their competitiveness for future opportunities
- Continually refresh and update the procurement pages on the Council website

5.4 Unbiased specifications and evaluation procedures

Tender features that can act as impediments to SME participation include:

- Complex and lengthy documentation
- Lack of flexibility in setting supply volume requirements
- Unnecessarily short supply or service response times
- Lack of clarity in tender specifications

Tender specifications will need to be designed to provide opportunities for SMEs by ensuring they are tailored to actively encourage tender responses.

Where the products and/or services may be too large for one SME to undertake alone, these enterprises should be given the opportunity to prepare tender responses by forming consortia and joint ventures. Specifications should concentrate on outcomes and be designed to invite and encourage innovative solutions.

During the procurement planning process, particularly for larger or higher risk procurements, it is essential that the Council considers the direct effect of contract decisions on SMEs.

5.5 Identification of supplier capacity and effects of procurement action

As a general requirement, the Council will ask businesses to provide tender responses which are assessed on the basis of the most economically advantageous tender – price and quality.

The Council are currently working with the Scottish Government and the Economic Development Team to identify local SMEs who may wish to participate in contract opportunities. The 'Grow Local' project focuses on growing the local economy and identifies the best opportunities for encouraging local SMEs to bid for an increasing share of public sector expenditure on goods and services.

Where the procurement activity may have an impact on SMEs the Council will research the economic environment and the industry and include the likely effects in the procurement arrangement form/commodity strategy. The impacts of procurement actions can be diverse and varied and include:

- Supplier/industry capacity
- Investment
- Employment
- Technology
- Research and development
- Track record, such as past performance, particularly in the achievement of economic and social outcomes

5.6 Actions to encourage SME participation

The following actions support SME participation and will enhance the transparency of the Councils procurement actions:

- Advance notice of tenders
- Market engagement/research
- Unbiased specifications and evaluation procedures
- Identification of supplier/business capacity
- Provision of information to unsuccessful tenderers

5.7 Presentations to suppliers

The Council will give presentations to SMEs. These events will allow us the opportunity to present and discuss our procurement opportunities for SMEs and explain and discuss our procurement processes and systems.

5.8 Advance notice of tenders

Providing advance notice of planned tenders will give prospective suppliers (particularly SMEs) the opportunity to ensure they have the appropriate capability and capacity to undertake the contract.

Advance notice of tenders will be provided by:

- Advertising annual procurement plans (tender wave plans) on the Councils web site
- Posting advanced tender information on Public Contracts Scotland (PCS)

5.9 Provision of information to unsuccessful tenderers

This is very important for supplier development. Providing suppliers with information as to why they were unsuccessful with their tender response, and giving constructive feedback on how their tender responses could be improved in future, can give substantial benefits to an SME.

5.10 Feedback to suppliers

The procurement team will also give suppliers information on their current performance to assist them to continuously improve their performance and become more competitive. We will do this through our contract management review meetings.

6 For more information

The Corporate Procurement Team can provide advice and guidance on a wide range of procurement related services. Enquiries should be e-mailed to procurement@east-ayrshire.gov.uk

We will work closely with the Economic Development Team who are committed to supporting the local business community.

The main focus will be stimulating economic growth by increasing the number of new businesses in the area, growing the existing business base and attracting inward investment. The Council are also committed to up-skilling our local residents to help them respond to the changing needs of local employers.

Our Economic Development Team offer a comprehensive, tailored package of support including:

- business advice and support
- recruitment and training support
- procurement support
- commercial land and property search
- business directories

Throughout the year we will organise training and events designed to address the main challenges and exploit the opportunities facing the local business community.

Enquiries should be e-mailed to economic.development@east-ayrshire.gov.uk

7 Useful Websites

For your convenience we have provided the following links which we hope will be useful resources for business:

East Ayrshire Council	-	http://www.east-ayrshire.gov.uk/Home.aspx
Public Contracts Scotland	-	http://www.publiccontractsscotland.gov.uk/Default.aspx
Scotland Excel	-	http://www.scotland-excel.org.uk/home/home.aspx
Scottish Procurement	-	http://www.scotland.gov.uk/Topics/Government/Procurement
Crown Commercial Service	-	http://ccs.cabinetoffice.gov.uk/
Supplier Development Programme	-	http://www.sdpScotland.co.uk/
Business Gateway	-	http://www.bgateway.com/