

## **SOUTHWARK CHAMBER OF COMMERCE PROCUREMENT OF CONTRACTS FOR LOCAL BUSINESSES**

### Introduction

Southwark Chamber of Commerce and Industry is Southwark's largest voluntary business organisation and has recently celebrated its role of representing businesses in Southwark for over 90 years.

The Chamber has had a long concern over the issue of procurement and the processes used by large organisations in procuring goods and services. Our concern is that current procedures discriminate against firstly small business, which make up the vast majority of local businesses and tend to employ locally; and secondly potential new entrants to the market place.

Much of our concern is about the current process which place unnecessary financial burdens on smaller locally based SMEs.

Reports to the Chamber have informed the Executive that reasons given, by the Council, for not awarding contracts have been the company's balance sheet is not big enough, managers were not briefed on health and safety matters despite the company only having a smaller number of employees; insufficient management; and no suitable vehicles. In all these cases contracts were awarded to businesses based outside the borough who were not familiar with local issues.

If the Council is serious about stimulating the local economy then the Chamber believes that they must make their own, and other major project businesses in the borough, tender process fair for all businesses. We set out below the steps we feel the Council should take.

### Recommendations

- 1 Local SMEs being included on council tender lists for council contracts.
- 2 The council assisting SME's in how to approach the tendering process. We attach a note regarding how Lambeth give this help.
- 3 How to ensure that SME's do not have to do a lot of expensive work to tender, only to find that they were not successful. For instance tenders could be accepted subject to appropriate accreditations being achieved.
- 4 Making tenders and contracts appropriate to enable local businesses to tender.
- 5 The Council should set targets for the amount, percentage and number of contracts awarded to local businesses.
- 6 The council could publish data on the progress made to ensuring an adequate number and percentage of contracts going to smaller and local businesses.
- 7 The council can work with Southwark Chamber of commerce in hosting events to promote the tendering process.

- 8 Ensure that a minimum percentage of local businesses are employed on larger developments, thus reducing the risk of being just 'window dressing' i.e. being seen to help local businesses without any real commitment to do so.
- 9 Designating a council officer to work in partnership with the chamber in promoting procurement and other council matters that effect local business.

As a result the 8,000 or so SME'S that form the backbone of economic production and employment within the borough can be promoted and become more focussed on local issues and employment. This can be achieved through both the procurement process and the other items on the Chamber's Manifesto for Business in Southwark. The chamber is confident that with a real business input working in partnership with the council that results can be effectively and quickly be achieved.

- 10 SME's being given a chance to compete for work on major projects in the borough. This can often be achieved by being specified as part of 106 agreements. Evidence has shown that at several business fairs where large employers have been there ostensibly looking to engage and use local services in practice local businesses are not awarded contracts

One instance of this is the rebuilding of London Bridge Station, this is very disruptive for the borough and local employers, giving something back in return would not be unreasonable. They are spending £6b on this over 4 years, whilst recognising they are working on promoting local apprenticeships, at a public meeting they were unaware of how many Southwark SME's were used, i.e. they have no policy to promote their work locally.

## Conclusion

The Chamber has developed a Manifesto for Business which should aid the Council in its aim of being a more business friendly borough, helping prosperity, employment and reduce travelling. We urge the Council to support our proposals.

Southwark Chamber of Commerce and Industry