

**From:** Peter Lawton

**Sent:** Tuesday, September 03, 2019 10:25 AM

**To:** Timbrell, Julie

**Cc:** Procurement Enquiries; Babudu, Peter

**Subject:** RE: Invite to attend Southwark Council's scrutiny commission - 10 September [NOT PROTECTIVELY MARKED]

Message classification: **Not Protectively Marked**

Hi Julie,

Thanks for providing some clarity below.

I will try and be concise with the information that I provide to your Chair.

The starting point for us was to determine how we define “local” and obtaining a baseline figure from which to measure against going forward.

We use the business address from where we are serviced as opposed to the payment address as there are many organisations with national headquarters that still have local branches employing local people.

The next stage of the process involved a detailed cleansing exercise through our spend data to set suppliers as local/regional or national. We currently have KPI's on local and regional spend and measure this on a monthly basis.

I have provided a snip of the information how we monitor below.

KPI 29a			KPI 29b		
increase in expenditure on local businesses year on year in ST Metropolitan Borough			increase in expenditure on businesses year on year in the 5 Tyne & Wear Boroughs		
Numerator	Denominator	Monthly Result	Numerator	Denominator	Monthly Result
7452368.99	14249766.21	52.30%	11458181.16	14249766.21	80.41%
14613037.7	22558514.45	64.78%	18973165.99	22558514.45	84.11%
7307739.34	13747689.56	53.16%	10700672.68	13747689.56	77.84%
7697170.09	15077603.58	51.05%	11482585.98	15077603.58	76.16%

Service	Procurement
Service Lead	Peter Lawton
Report Updated	

KPI	Description	Target	Which way is best	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Assessment Period Estimate / Actual	2019/20 EOY Est / Confidence	On Target for assessment period?
KPI 29a	Increase in expenditure on local businesses year on year in ST Metropolitan Borough	50.00%	Higher than target	52.30%	64.78%	53.16%	51.05%		56.48%	56.48%	Yes
KPI 29b	Increase in expenditure on local businesses year on year in the 5 Tyne & Wear Boroughs	70.00%	Higher than target	80.41%	84.11%	77.84%	76.16%		80.16%	80.16%	Yes

The internal procurement procedure rules as part of our Constitution were modified to allow us to take quotes from local companies up to OJEU thresholds for Good and Services and set to £500k for Works as it was felt that over £500k on construction could be to the detriment of value for money as we are relative small borough with a limited infrastructure to be able to deliver those larger capital works contracts.

I have attached the link to our constitution <https://www.southtyneside.gov.uk/article/63773/Council-Constitution> (the procurement procedure rules can be seen from page 174, the tables highlighting thresholds can be seen on p184 and 186 in support of Supply South Tyneside. (example below for goods and services p184).

## SECTION B – PROCUREMENT OF GOODS AND SERVICES

The table below sets out the minimum requirements for the procurement of Goods and Services:

Procurement value	Procurement procedure	Type of contract
Up to £5,000	Minimum of one written Quotation from South Tyneside Suppliers*	Purchase order Terms and Conditions
Between £5,001 and £25,000	Minimum of one written Quotation from South Tyneside Suppliers* and two written Quotations from Tyne & Wear suppliers*	Purchase order Terms and Conditions or Standard Terms and Conditions
Between £25,001 and OJEU Threshold (currently £181,302)	Minimum of two written Quotations from South Tyneside Suppliers* and two written Quotations from other suppliers or advertise opportunity on an internet portal and Contracts Finder	Standard Terms and Conditions or bespoke in agreement with legal services where appropriate

I have also attached a report on Social value which touches upon our Supply South Tyneside initiatives and supporting documents that we use that I presented to our internal Contracts Performance Panel which similar to yours is Member led.

The emphasis is very much on how we move this on and we are also currently doing a “deep dive” to see how we can improve on our local spend and take this to the next level and are looking at our work programmes to identify pipeline opportunities for the next 3 years with a view of targeting certain contracts or commodity areas through our category management. We will be looking to identify and speak with suppliers who may reside in the borough and are currently not bidding or have been unsuccessful at winning or competing for our contracts and this could include targeted events, supplier visits or upskilling with support from our Business Investment Skills team (economic regeneration responsibilities).

I hope this gives you a flavour of our policies and strategic direction that we have from both the Council Members and Chief Executive of the Council.

Regards,

**Peter Lawton**

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