

# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>28 March 2018</b>
Report by:	<b>Executive Director (Community and Enterprise Resources)</b> <b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Supplier Development Programme (SDP)</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Executive Committee on the Supplier Development Programme and recommend the Council continue to host the Programme
- ◆ progress the appointment of an appropriate elected member to represent South Lanarkshire Council on the SDP Board of Directors.

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the continued good performance of the Supplier Development Programme since the arrangements to host the central team within South Lanarkshire Council were implemented in 2014, be noted;
- (2) that the Committee agree that South Lanarkshire Council continues to host the Supplier Development Programme (SDP) within the Planning and Economic Development Service for the next two years and extends the contracts of the three posts associated with it on the basis set out in sections 6 and 7 of this report;
- (3) that Councillor Collette Stevenson be nominated to serve on the Board of Directors of the Supplier Development Programme Ltd; and
- (4) that the Committee authorise the Executive Director (Community and Enterprise Resources), in consultation with the Head of Personnel and the Head of Administration and Legal Services, to conclude any necessary legal and personnel matters in the best interests of the Council.

## 3. Background

3.1. The Supplier Development Programme (SDP) is a business support initiative which aims to help Small Medium Employers (SMEs) improve their performance in winning contracts with public sector organisations through offering information, support and training events to help them compete in the complex tendering processes. The Programme was founded, initially by three local authorities, (Glasgow, Renfrew and South Lanarkshire) in 2005 and is set up as a not for profit company, limited by guarantee, with a board of directors made up from elected members and senior officers from 12 member authorities. The company and its operations are managed below board level by a hierarchy of regional management, stakeholder and executive groups, with the board membership comprising a balanced representation of regional

groups. The Programme activities and running costs are funded by the 32 local authority members' subscriptions, contributions from new member subscribers (other public bodies) and Scottish Government contributions.

- 3.2. Following the resignation of Councillor Chris Thompson from his position as Chair of the SDP Board in 2015, the Council has been represented by a senior officer in Planning and Economic Development Services. However, with the successful completion of the transition from Glasgow City Council and the establishment of the team within Planning and Economic Development Services, it is now appropriate to consider the nomination of an elected member onto the Board of Directors to represent the Council and to support the future strategic development of the Programme. It is therefore proposed that Councillor Collette Stevenson is nominated as the Council's representative on the SDP Board.
- 3.3. Following an initial two year arrangement in which South Lanarkshire Council succeeded Glasgow City Council in 'hosting' SDP, the Executive Committee on 14 April 2016, approved a recommendation to extend this for a further 2 years, until June 2018. As this period is drawing to a close the SDP Board have asked South Lanarkshire Council to continue to host the programme for a further period of two years.
- 3.4. SDP is accommodated within Planning and Economic Development Services in Montrose House, staffed by South Lanarkshire Council employees who are seconded to the company, with staff and accommodation costs recovered from SDP.
- 3.5. The Council provides support services, governed by a Service Level Agreement. This covers the terms under which Council services provide assistance to the team and include procurement, finance, (accounts payable, VAT administration, revenue monitoring and annual accounts,) IT, media relations, sign and printing and the charges which the Council will make to recover costs incurred on behalf of SDP.

#### **4. Programme Update**

- 4.1. Since the Council took responsibility for hosting this initiative local authority membership increased from 26 to all 32 of the Scottish Councils. In addition, working with Scottish Government, there has been a concerted effort to encourage uptake of membership by the wider public sector. This has seen the following public sector bodies join the Programme.

- ◆ Forestry Commission
- ◆ Highlands & Islands Enterprise
- ◆ Historic Environment Scotland
- ◆ Registers of Scotland
- ◆ CalMac
- ◆ National Records of Scotland
- ◆ Scottish Parliament

Working across the wider public sector puts the Programme in a strong position to raise awareness of contract opportunities with member authorities and to enable them to raise awareness of these opportunities to their SME business base at a local level.

- 4.2. The smart use of procurement can play a key role in helping businesses. The Procurement Reform (Scotland) Act 2014 means that public bodies now have a duty to consider how they can facilitate the involvement of SMEs, third sector bodies and supported businesses in procurement.

- 4.3. The sustainable procurement duty requires that before a contracting authority buys anything, it must think about how it can improve the social, environmental and economic wellbeing of the area in which it operates, with a particular focus on reducing inequality. It also requires a contracting authority to consider how its procurement processes can facilitate the involvement of SMEs, third sector bodies and supported business, and how public procurement can be used to promote innovation.
- 4.4. As part of a new initiative to connect Councils to the SME community, a new webinar programme, “Talking Tenders” has been launched. This provides SDP member authorities with the opportunity to access a 40 minute webinar discussing:-
- ◆ Prospective tender opportunities in the pipeline
  - ◆ Supplier information and engagement days
  - ◆ Buying processes and procedures
  - ◆ Q & A on opportunities and processes in conducting business with the Council

South Lanarkshire were the first Council to participate in this new initiative, and had 61 suppliers connect live to the webinar held on 7<sup>th</sup> February 2018, which was delivered by an officer from the Council’s procurement team and received very positive feedback.

- 4.5. Supplier registration to the Programme has increased from around 7,000 to 10,961 companies since 2016, with 815 companies in South Lanarkshire now registered: a 20% increase from 2016. The Programme has delivered an improved range of training and networking events assisting these businesses to develop their skills and increase confidence to tender for public and private sector opportunities. SDP have played an important role raising awareness now and will continue to do so in the coming years, ensuring City Region businesses are equipped to benefit from the opportunities of the Glasgow City Region City Deal as well as the opportunities arising from the Glasgow 2018 European Championships.
- 4.6. Looking to the future, SDP will continue to develop engagement with other public bodies, offering a 'joined up' approach to meet sustainable procurement duty targets to improve the economic, social and environmental wellbeing of the authority’s area. This includes connecting with NHS, Further Education organisations and other local public bodies.
- 4.7. In conclusion the delivery of the work of the SDP, since it has been based in South Lanarkshire, continues to be a success continuing to deliver on the various objectives set, including increasing membership of public bodies, and increased company registrations. Given the success of the transformed SDP in 2016-2018, it is proposed that the Council continues to host this programme for a further period of two years from 1 July 2018.

Key achievements in 2016-2018 include:-

- ◆ successful delivery of an Annual “Meet the Buyer” event, which attracted over 1,200 suppliers and had over 70 stands
- ◆ additional public bodies have joined the Programme, increasing annual subscription income by £24,500
- ◆ supplier registrations continue to grow year on year
- ◆ supported the Glasgow City Region City Deal with a number of information raising events

Given the success of the transformed SDP in the period 2016 to 2018, it is proposed that the Council continues to host this programme for a further period of two years from 1 July 2018.

## **5. Employee Implications**

- 5.1. The current arrangement will continue with the Programme management team staffed by four SLC officers on a secondment basis and costs recovered from SDP Limited. It is proposed, therefore, these posts be retained on the establishment of Planning and Economic Development Services for a further two year period, from 1 July 2018 to 30 June 2020, with potential to be extended thereafter.
- 5.2. Three of the current employees are on fixed term contracts and the extension of the arrangement until June 2020 will mean they will become permanent employees of the Council. When the arrangements are reviewed in June 2020, should the Council cease to host this initiative and no other authority agrees to host it, the Council may be liable for early release/redundancy costs, which may be between £6,260 and £13,891. If an alternative host authority is established then it is likely the posts would transfer under TUPE.

## **6. Financial Implications**

- 6.1. All employee costs in full relating to the four posts and the costs associated with physically hosting and operationally managing the posts will continue to be met from SDP budgets. The council has a Service Level Agreement in place with SDP.
- 6.2. The Council's subscription of £10,000 for SDP membership will continue to be met from the Community and Enterprise budget at the current level.

## **7. Other Implications**

- 7.1. The SDP board are satisfied with the performance of the team and the progress made in expanding the programme since 2014 and has confirmed they wish to continue with the existing arrangements.
- 7.2. There is the possibility of the Programme failing to meet its objectives on behalf of 32 member authorities and a reputational risk to the Council if the successfully re-launched Programme does not continue to be delivered in a consistent manner. This risk can be minimised by South Lanarkshire Council continuing to host the SDP and maintaining oversight via the Council's robust performance monitoring and management procedures.

## **8. Equality Impact Assessment and Consultation Arrangements**

- 8.1. This matter does not require an equality impact assessment to be undertaken.
- 8.2. Consultation has been undertaken with SDP Board and council economic development and procurement officers who support the recommendation of this report.

**Michael McGlynn**

**Executive Director (Community and Enterprise Resources)**

8 March 2018

## **Link(s) to Council Values/Objectives**

- ◆ Support the local economy by providing the right conditions for growth, improving skills and employability.

**Previous References**

- ◆ Executive Committee, 14 May 2014
- ◆ Executive Committee, 13 April 2016

**List of Background Papers**

- ◆ None

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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