

## ABERDEEN CITY COUNCIL

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COMMITTEE	Enterprise, Planning and Infrastructure Committee
DATE	20 <sup>th</sup> April 2010
DIRECTOR	Gordon McIntosh Enterprise, Planning and Infrastructure
TITLE OF REPORT	Supplier Development Programme
REPORT NUMBER:	EPI/10/088

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### 1. PURPOSE OF REPORT

This report will highlight the benefits of participating within the national “Supplier Development Programme” and the potential benefits to the local business and third sector communities.

### 2. RECOMMENDATION(S)

- a) It is recommended that committee give approval to the funding of the Supplier Development Programme (delivered by SDP Scotland) to the amount of £7,000 for the year 2010/2011. It is recommended that committee agree to review this funding agreement against outcomes and economic impact for the year 2010/2011
- b) It is recommended that committee approve residual funding from the Commercial Training Budget for 2009/10 be utilised to provide the service for 2010/2011

### 3. FINANCIAL IMPLICATIONS

On the approval of Committee residual funds from within the Commercial Training Budget will be utilised to pay for the pilot 12 months of this programme, and if the programme receives a positive evaluation continuation funding would be sought from the Economic and Business Development Budget.

Aberdeen City council will be expected to contribute to the cost of refreshments at events in addition to the £ 7,000 fee. Aberdeenshire Council are also supporting the programme in 2010/11 with a view to evaluating the benefits for Aberdeenshire companies, if a favorable evaluation is concluded then both Aberdeen City and Aberdeenshire will be expected to continue with this programme in following years so that local businesses across both the City and Shire, can continue to access an increased programme of events across the City/Shire region designed to improve their chances of winning work available via public sector tenders.

By joining the SDP initiative, all companies within Aberdeen City will have free and immediate access to the services of SDP Scotland, whereas companies located in areas where their Council is not a participating member are unable to access any aspects of the programme

#### 4. SERVICE & COMMUNITY IMPACT

The delivery of the Supplier Development Programme will support the delivery of **Vibrant Dynamic & Forward Looking** via the Economic Development strand by: Ensuring sustainability of the successful economy of Aberdeen City and Shire. This will be achieved by making it easier for public sector entities to buy goods and products locally (where this is possible) and encourage other organisations and businesses in the city to adopt a similar approach

**Partnership for Aberdeen:** Co-operate with neighbouring authorities and others to promote inward investment in the North-East.

#### **Single Outcome Agreement:**

The delivery of the Supplier Development Programme will also assist in delivery against the following outcomes within the Single Outcome Agreements.

National Outcome 1: We live in a Scotland that is the most attractive place for doing business in Europe

National Outcome 2: We realise our full economic potential with more and better employment opportunities for our people

National Outcome 3: We are better educated, more skilled and more successful

All activities performed by the SDP have been assessed in relation to Equalities and Human Rights.

#### 5. OTHER IMPLICATIONS

##### **Risk Management**

Given the current economic environment, and future economic uncertainty, one critical feature of the immediate future will be the importance of the public sector procurement spend for our business and third sectors. Failure to provide the appropriate tools for these sectors to participate effectively in this process will reduce their opportunities for sustainability and business growth.

##### **Personnel**

The Supplier Development Programme will be delivered by SDP staff, however, support from staff within ACC Business Support and Development service will be required to promote events, help recruit participating companies and identify suitable venues.

#### 6. REPORT

##### **Introduction**

- 6.1 Given the economic uncertainty, one critical feature of the immediate future will be the importance of the public sector procurement spend for our

business and third sector communities. Undoubtedly the public sector spend will be a major driver to revive much of our small and medium sized businesses. Projects including the 2014 Commonwealth Games; Western Peripheral Route, Planned expansion at RGU, NHS Grampian Developments and other ongoing public sector funded projects will all present a significant business opportunity for our businesses but only if they are fit to tender.

- 6.2 The **Supplier Development Programme** already works with 15 Local Authority Economic Development units across Scotland to help them support local business and social enterprise access public sector procurement opportunities by delivering a tender ready support programme. This seeks to improve the competitiveness of our SME base in the area of public sector procurement. This paper outlines a proposal to extend this service to Aberdeen.

Localised delivery of the Supplier Development Programme will play a significant role in developing all our participating SMEs to realise their business potential.

### **Background**

- 6.3 During a 2005 business needs survey, it was uncovered that many SME's were expressing their interest in the public sector marketplace. However, a number of barriers were evident which prevented them from taking this interest further:

- Lack of awareness on contract opportunities
- Lack of knowledge of the tender application processes, and
- Concern over the scale of contracts and perception that this was a market for 'big' businesses'.

Consequently, SDP was created as a response to address these issues.

The programme has a company reach of in-excess 10,000 firms, with an active engagement of some 2,500 SME's and Social enterprise firms. SDP have recently launched a new marketing strategy and redeveloped their web site, largely in response to market research which disclosed a need for SDP to clearly present itself to the business community, as the dedicated programme on public sector procurement excellence.

Currently, the Programme receives support from 15 local authority areas and the Scottish Government's Social Enterprise team.

The main programme activities are to build business capacity within participating firms and assist them to achieve their business potential. The support activities are divided into 4 areas:

- 1) Awareness Level – basic entry level. Allowing new potential business suppliers to learn and understand this market and the tender submission requirements.
- 2) Diagnostic Level –all businesses interested in this market are encouraged to complete a self assessment form on the website [www.sdpscotland.co.uk](http://www.sdpscotland.co.uk) This allows SDP to determine businesses tender readiness and identify any skill gaps.

- 3) Readiness Training –a programme of free-to-attend training workshops are offered to enable more local businesses become ‘business ready’ and able to compete for the public/private sector contract opportunities. (Introductory Workshops, Love me Tender, Submission Impossible and Policy Workshops)
- 4) Opportunities – this extends our businesses to look for collaboration to bid for contracts of scale, to look at international opportunities and to ensure they are fully engaged in the opportunities available from 2014 and the Scottish Government portal.

6.4 In terms of programme engagement and influence, participating councils are:

- Represented on the board of SDP Ltd
- Represented on the SDP Steering group, which meet approximately 8 times per year to discuss and co-ordinate the implementation of the objectives and strategies
- Receive regular statistical reporting

In addition, the SDP will:

- continue to develop new activities to reflect changing customer needs.
- position itself to influence the procurement policy to be more aligned with small and medium sized business requirements.

#### 6.5 **Evidence of demand**

Aberdeen City Council hosted two “Meet the Buyer” Events in November 2009 to give a brief insight into public procurement and the opportunities it may bring to local businesses, the event targeting construction companies attracted 39 local businesses and the event targeting the Third sector attracted representation from 42 organisations. This high level of attendance highlighted the interest in and need to understand public procurement processes, which was further reinforced via the event evaluation.- an example of one of the feedback comments being as follows;

*“Informative, fuller understanding, now have full understanding of requirement to register our company for service opportunities. Provision of web links to various procurement bodies. Need to understand local process in a company very successful in rest of UK tender process”.*

Attendees were also shown a short DVD highlighting the services of the SDP, which again received favorable feedback as a potential business development tool.

Economic Development also hosted a “Construction Showcase” event in February 2009 which highlighted the high level of public capital spend planned over the next 5 years. This event attracted over 60 construction companies which again highlights the needs to continually promote locally accessible business opportunities.

We are therefore convinced that demand exists for this type of assistance and that SDP are the premier provider of this type of service in Scotland.

Rather than try to duplicate this service it makes economic and operational sense to “buy into” the SDP service in order to give local companies free access to their services and on-going support. In this way we will maximize the impact of our own economic development service and leverage in additional expertise in an area (participating in public sector procurement opportunities) that is becoming increasingly important to most small and medium sized businesses.

#### 7. REPORT AUTHOR DETAILS

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#### 8. BACKGROUND PAPERS

Supplier development website [www.sdpscotland.co.uk](http://www.sdpscotland.co.uk)