

The City of London SME Case Study

Café Sunlight Ltd are a small social enterprise event caterer. In order to help build their experience Café Sunlight have catered a range of events; from 2 day conferences to a VIP breakfast with the Lord Mayor. Café Sunlight has learnt how to work with large organisations and we have improved engagement with small social enterprises.

The City of London has created a steering group to encourage City businesses to purchase from small social enterprises. Café Sunlight sits on the steering group and represents the social enterprise perspective. This has increased Café Sunlight's awareness of the procurement process and provided a networking opportunity. The value of Expenditure financial year 2012/13 is £22K.

The council established a Courier Service contract valued at £140K with City Sprint for London/UK and ILG for Europe/International (SME). This provided a strategic sourcing opportunity aimed at consolidating a supplier base of approximately 25 companies across the organisation and achieving competitive rates for CoL whilst ensuring compliance with Procurement Regulations.

The strategic sourcing process was notable as CoL have focused specifically on making the tender process and contract 'SME friendly' by:

- Early identification as a project suitable for SMEs and advertised accordingly
- Ensuring that of the 40% quality score, 8% were weighted in favour of environmentally friendly courier options: this gave SMEs the opportunity to score highly on an area other than price
- Current supply market dynamics found that adopting a lotting strategy and splitting requirement into two lots (Lot 1 – London/UK and Lot 2 – Europe/International) would encourage small business participation and achieve more competitive rates
- Price analysis showed lotting strategy could achieve significant savings compared to previous rates and pooling the requirements into one contract
- Open single stage/submission tender process - reduced both the time and resource that a small company had to dedicate to winning contract, thus reducing their cost
- The Corporation's SME Contract Conditions were used for the first time, which provide a straightforward contracting mechanism for SMEs without onerous contractual terms that can discourage SME participation
- Accelerated payment terms agreed of 10 days for SMEs
- Advice supplied to potential suppliers throughout the process by phone, email and meetings if requested allowed suppliers to understand the process, ascertain the shortfalls in application and what could have been done to improve chances of success in future

Savings of 40% were achieved using this processes showing that cost savings and CSR/sustainability considerations were not mutually exclusive criteria but both could be achieved.

The council achieved best value through adhering to the wider sustainable procurement agenda by maintaining economic advantage by teaming a larger company (City Sprint) and

an SME (ILG) for service provision via careful lotting, mitigating environmental impacts (heavy weighting consideration in evaluation criteria) and aiming to stimulate local economic development (SME friendly process/structure and team).

The improved business relationship developed through supplier/buyer interaction allowed for greater understanding of the process and created a solid foundation for the future. The positive feedback received from suppliers, regarding the simple and tailored approach, showed the team and processes are developing to meet the needs and requirements of SMEs in line with organisational objectives.

Contact

Samantha J Ayres, Procurement Policy & Compliance Officer, City of London Procurement Service (CLPS), Samantha.Ayres@cityoflondon.gov.uk