



responsible
procurement

Greater London Authority Group

Getting Value for London

Collan Murray

**Central
Responsible
Procurement
Team**

Access For All
Stakeholder Event

22 April 2009





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Format

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Contract Examples & Wider Programme Activity



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GREATER LONDON AUTHORITY



LONDON FIRE
AND EMERGENCY
PLANNING AUTHORITY

Transport for London



METROPOLITAN
POLICE

Working together for a safer London

MPA

Metropolitan Police Authority



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Central Responsible Procurement Team

- Dedicated to Responsible Procurement
- Work across GLA group
- Jointly funded

Greater
London
Authority
Group

Spend over £3bn
p.a. Excluding PPP
and PFI

Over 500
procurement
agents

Trade annually
with over 30,000
suppliers

Covered by
multiple legal
frameworks



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The Importance of SMEs

SMEs in London

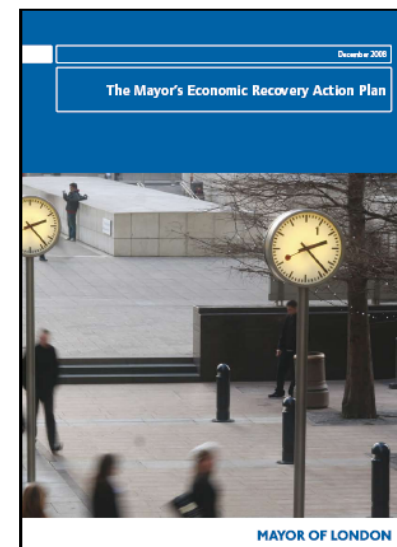
- 99% of all businesses in London are SMEs
- 49% of private sector workers in London work for SMEs
- SMEs contribute 45% of all turnover in London

SMEs Supplying GLA Group

- 19% or approximately £500m of GLA group core trade expenditure is with SMEs.
- Approximately half of this is with London based suppliers.
- Provide a variety of specialist and niche services to GLA group

Economic Recovery Action Plan

- In December 2008 the Mayor published his Economic Recovery Action Plan for London.
- Sets out practical measures to help businesses and Londoners through the recession and to ensure London is prepared to take full advantage of the eventual upturn.
- A key action in this plan is for the GLA group to make its contracts more accessible to small and medium enterprises (SMEs) by removing unnecessary barriers:





1. Roll out use of CompeteFor across GLA group:



- Transparent advertising of contracts (over 60,000 suppliers registered and growing at over 1,000 per month)
- Inbuilt simplified PQQ scoring
- Automatic referral of suppliers to Business Link

2. Where possible standardise and simplify contract qualification documents:

- First initiative involved agreeing simplified PQQ provisions and rolled out for low value/risk procurements



3. Pay undisputed SME invoices within 10 working days. Feb 09 performance:



TfL: 90%
LFB:73%
GLA: 64%
LDA:55%
MPS:36%

4. Ensure procurement strategies for large or collaborative procurement consider opportunities for SME engagement:

- Build into 2009/10 collaborative procurement programme governance
- Lotting strategies
- Sub-contracting





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Supplier Survey

Survey Context

In December 2008 supplier survey issued via an on-line tool:

- 3,700 existing suppliers invited to respond
- Covered over 90% of GLA group's core trade expenditure.
- Over half of the suppliers invited to complete the survey were SMEs.

The survey was designed to capture information to inform our Responsible Procurement workplan for 2009/10 with a specific focus on SME engagement.

Survey Content

The survey contained questions in the following areas:

- Profile of the company;
- Basic fit to supply criteria;
- Awareness of our Responsible Procurement work;
- Use of London Development Agency and wider support programmes;
- Feedback on experiences of GLA group procurement processes.

The sections of the responses containing feedback on our procurement processes were anonymised before being provided to us.

Responses

We achieved a 20% response rate, representing a significant response for a survey of this type where between 5 and 10% might normally be expected.

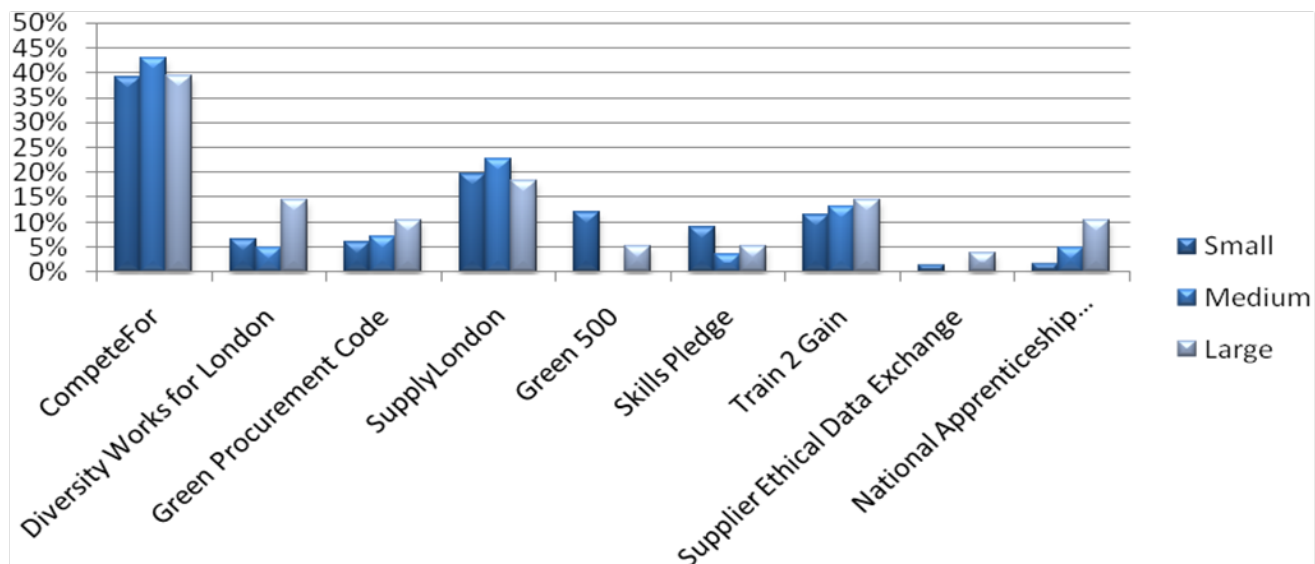
Survey results are being mapped onto GLA group spend data to enable category analysis.



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GLA group has placed a premium on ensuring procurement activity is aligned to LDA and wider government support programmes to maximise the benefits of government spending.

Breakdown of supplier engagement with key support programmes.



Supplier Engagement with Support Programmes

Responses are helping us to understand:

- Are our SME suppliers taking advantage of key support programmes?
- Which programmes do we need to promote further to our suppliers?
- Is awareness better in some categories of expenditure than others – where should we target activity?

These programmes can improve the competitiveness of suppliers when bidding for future contracts.





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Feedback on
our tender
and quotation
process

Top 4 areas of positive feedback from suppliers on GLA group procurement processes:

Question	% of suppliers who either strongly agreed or agreed with the statement
Enough information was provided in the invitation to quote/tender to allow you to prepare your bid	60%
Enough time was provided to prepare your bid	59%
The instructions on how to submit your bid were clear and easy to follow	58%
You were able to ask the buyer questions about their requirements and the contract	58%

Top 4 areas where suppliers thought GLA group could improve its procurement processes:

Question	% of suppliers who either strongly disagreed or disagreed with the statement
It was easy to find out about the contract opportunity	19%
The number of forms or files you had to submit was appropriate to the value and complexity of the contract	17%
If the size or scope of the contract was too large for your company, you were able to identify other companies to form a consortium	12%
If you requested it, feedback was provided on your bid after the contract was awarded	10%



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**Actions
Arising from
the Survey**

1

Visibility of Contract Opportunities

We have made a commitment to implement the CompeteFor system within GLA group and during 2009/10 we will significantly increase the number of contracts we advertise through the system.

2

Supplier Debriefing

We will agree a set of common principles on supplier debriefing to ensure unsuccessful suppliers can obtain feedback for use in future bids, and are aware of relevant business support programmes.

3

SME Consortia

We have piloted using CompeteFor as a way of helping SMEs find partners to form a consortia and will progress this work further.

The LDA is developing a new approach to assessing the financial and legal status of consortia which will be more facilitative of groups of SME businesses. We will look to expand use of this across GLA group as appropriate.

4

Awareness of Responsible Procurement

Roll out a new Responsible Procurement training course to ensure our procurement teams are equipped to communicate our views on Responsible Procurement to suppliers. This will include the value of working with SMEs in the supply chain, and engaging with our skills and employment agenda.

5

Monitoring Progress

We will repeat this survey in approximately 12 months time to monitor how our suppliers perceptions change as a result of the above activities.



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London
Overground

East London Line Extension

Bidders required to submit Supplier Diversity plan as part of wider package of equality and diversity requirements.

Plans set out how each bidder would engage small and diverse businesses in sub-contracting opportunities arising from the project.

Plans evaluated on pass/fail basis before commercial and technical elements of the bid were opened.

Winning bidder Balfour Beatty Carillion has utilised supplier conferences, guides and local agencies to engage with SMEs and diverse suppliers.

In November 08 over £3.5m had been spent with small and diverse suppliers and nearly half of the sub-contractors were SMEs.



Examples of Contract Activity

promo2u.com

Promo2u awarded TfL contract through CompeteFor for staff name badges.

Submitted a competitively priced bid and was also one of the few companies able to meet TfL's requirement for sustainable materials to be used in the design of the products.

The offer included a 50% recycled product, and a value added service to collect and recycle used badges at end of life.

CEO of Promo2u presented at TfL procurement forum on benefits of using CompeteFor and challenges faced by SMEs in competing for public sector contracts.



CompeteFor Flow-Down Clauses

- Contract requirements to advertise sub-contracts through CompeteFor
- Successfully used by ODA and its supply chain – over 1,600 contract opportunities advertised by tiers 1-3
- Early pilots underway in LDA and GLA



Enabling Employment and Training Opportunities Through Procurement

- Key agenda or GLA group during 2009/10 arising from ERAP
- Potential for conflict between skills and employment and SME agendas if requirements place an excessive burden on the supplier.
- Piloting a model of combining bespoke contract requirements for skills and employment outputs, with embedded 'skills brokers,' funded by the LDA, to support suppliers in accessing public sector funding and support.

Related Wider
Programme
Work

Responsible Procurement Training



- CIPS commissioned to develop bespoke Responsible Procurement Training.
- Being rolled out across GLA group targeting all procurement staff.
- Survey highlighted that most suppliers learn about Responsible Procurement from direct contact with GLA group buyers.





Responsible
Procurement Website –
www.london.gov.uk/rp

Further
Information

Getting Value for London base line
report available on RP website

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