

Business Support Overview and Scrutiny Committee

BRIEFING NOTE – No. 4/2015

Date: 12 November 2015

To: All Members of the Business Support Overview & Scrutiny Committee

Purpose: This briefing note was as a result of discussion at the meeting of this Committee on 8 October 2015

Heading: Medway Small and Medium Sized Enterprises (SMEs)

At the meeting of the Business Support Overview and Scrutiny Committee held on 8 October 2015, Members considered a report on the progress made against the Council's Procurement Strategy 2013-16.

Regarding the target of 40% third party controllable spend with Medway small and medium sized enterprises (SMEs) Members were advised that the figure was now 32% and this included Medway Norse. The Committee asked for a briefing note on spend with Medway SMEs if the Medway Norse figures were excluded.

In fact the Small & Medium sized Enterprise (SME) figures for both "All" and "Local" SMEs which were reported to Members do **not** include the spend with Medway Norse.

The Category Management team have always excluded that spend from our figures on the basis that since Medway Norse are the Council's joint venture partner, acting like a department of the Council, delivering services on the Council's behalf, the figures should not be counted. This approach was taken to avoid any appearance of making the figures look more favourable.

The Assistant Director – Legal and Corporate Services will now review that thinking with the Portfolio Holder for Resources.

The Council could have chosen to award our facilities management, catering, grounds and Special Educational Needs transport to a company that was not local or an SME but chose to award to Medway Norse a local SME. That is no different from the awards within the £81,920,000 set out in the table below to other local SMEs carrying out services on our behalf. Also some of the contracts Medway Norse carry out for the Council are won after a competitive process such as the Housing Revenue Accounts Estates Service. The majority are awarded to them under the "Teckal exemption" without competition, but this is a legitimate way of awarding contracts now codified in the Public Contract Regulations 2015.

Set out below is the impact of including the spend for 14/15 with Medway Norse to our calculations. Particularly pleasing is the increase to 37% for spend with local SMEs against a target of 40%.

Without the spend to Medway Norse	
14/15 spend	£256,000,000
14/15 All SME spend	£151,040,000
As a %	59%
14/15 Local SME spend	£81,920,000
As a %	32%
With the spend to Medway Norse (£12m)	
14/15 spend	£256,000,000
12/15 All SME spend	£163,040,000
As a %	64%
14/15 Local SME spend	£93,920,000
As a %	37%

Further information - Perry Holmes, Assistant Director Legal and Corporate Services
Tel 01634 332133