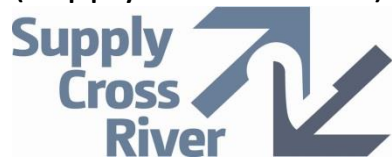


# Developing Supply Chains in Central London (Supply Cross River 2)



Final Project Evaluation  
Version 1.0

September 2015



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## **Appendices**

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## Executive Summary

The aim of Cross River Partnership’s ERDF Funded ‘Developing Supply Chains in Central London (Supply Cross River 2)’ project was to widen access to procurement and supply chain opportunities in 9 Central London boroughs. This included sourcing low carbon opportunities, developing sustainable supply chains and creating jobs across all sectors. The project also focused on the creative and digital industries. The project adopted a dual approach – working both with SME suppliers and with large buyers. Suppliers became more ‘fit to supply’ and won new contracts. The benefits of local and sustainable procurement were highlighted to major buyers and the project brokered links between suppliers and buyers through the identification of pipeline contracts and “matching” activities.

A snapshot of the outputs and outcomes achieved from the project are listed below and are discussed further down in this evaluation.

Result/Output	Revised Target	Achieved	% Achieved against Revised Target	Comment on Achievements
O3c-SMEs assisted (12 hours +) -	367	361	-2%	Slight underachievement. Although 610 SMEs registered onto the project and received some amount of hours of support but not the full 12 hours
LO17-SMEs with sales in new markets -	36	29	-20%	Slightly underachieved. Mainly due to market forces prevalent
R1- Jobs created (other than a job in the environment sector) -	18	68	277%	Overachieved
R2- Jobs safeguarded -	33	42	127%	overachieved
R3g- SMEs with improved performance -	38	47	123%	overachieved
R3h- SMEs with improved performance -	25	27	108%	overachieved
LR12- £100,000 of new sales generated -	£5m	£6,689,438	133%	overachieved

Project Outputs: Revised Target, Achieved, % Variance and Commentary

## 1.0 Project Information

### 1.1 Project Background, Context and Rationale

Supply Cross River 2 was established as a follow on from Supply Cross River in 2012 to:

*‘open up supply chain and procurement opportunities to local SMEs and BAME businesses across the central London sub-region (Westminster, City, Wandsworth, Royal Borough of Kensington and Chelsea, London Borough of Hammersmith and Fulham and Camden as delivery partners and Southwark, Lambeth, Islington as the strategic partners) and promote supplier diversity and sustainable procurement to buyers’.*

The project was funded by the Greater London Authority (GLA) under the London European Regional Development Funding (ERDF) Programme – Round 5, which is an economic development programme focused on tailored support for small businesses (SMEs). Programme management was undertaken by the European Programmes Management Unit (EPMU), GLA.

The project’s objective was to

*‘contribute to sustainable economic growth in the capital and extend economic opportunities to communities in areas where this is most needed’.*

The Supply Cross River 2 project (SXR2) was managed by Cross River Partnership (CRP), a public-private sub-regional delivery partnership with Westminster City Council acting as the accountable body.

### 1.2 Projects Aims and Objectives

The aim of the ‘Developing Supply Chains in Central London’ was **to widen access to procurement and supply chain opportunities for SMEs, and create jobs in the central London area** (Camden, City of London, Hammersmith & Fulham, Islington, Kensington & Chelsea, Lambeth, Southwark, Wandsworth and Westminster). The project was delivered over a time period of 28 months from January 2013 to March 2015

The project took a dual approach, working both with SME suppliers and buyers in order to:

- Help SMEs become more ‘fit to supply’,
- Help SMEs win new contracts,
- Promote the benefit of local and sustainable procurement to buyers.

The project was designed to broker links between SME suppliers and buyers through identification of pipeline contracts and “matching” activities. These are detailed in section 4 of this evaluation and were expected to deliver the following outputs:

Figure 1 – Project Output Target

Output	Output Description	Target
O3c	Businesses assisted, of which 10% in the environment sector	367
LO17	SMEs with sales in new markets	36
LO20	SMEs using their environmental credentials or products to access new markets or supply chains	5
R1	Jobs created, with a minimum of 10% in the environment sector	18
R2	Jobs safeguarded	33
R3	Businesses with improved performance	60
LR12	New sales generated	£5m

The project was also expected to:

- Contribute to sustainable economic growth in central London by helping SMEs enter new supply chains and grow their business;
- Open up and maximise opportunities arising from large developments in central London such as Nine Elms, Earl's Court, King's Cross Paddington, London Bridge station remodelling, Victoria Redevelopment and Crossrail;
- Ensure thorough outreach and cascading of business support to SMEs located in the most deprived areas in central London and London in general;
- Improve the way public and private sector procurement encourages local business growth;
- Build on best practices developed and implemented by previous projects such as Supply Cross River, ICAM and Supply London 2 to ensure the use and monitoring of community benefit clauses in public sector contracts, thereby contributing to economic growth;
- Increase the share of contracts won by minority businesses; and
- Increase suppliers' awareness of contract opportunities, procurement policies and process understanding to help them win new contracts.

SMEs were encouraged to register on procurement portals such as compete4, procure4london and other procurement portals run by local authorities and the project would support them in applying for identified contract opportunities. The two initiatives would therefore complement each other and contribute to the implementation of smarter public procurement practice and better access to opportunities for SME suppliers.

Delivery partners would focus on sourcing **low carbon opportunities**, developing sustainable and green supply chains and creating green jobs across all sectors. Indeed the delivery area was host to many large regeneration developments – Nine Elms, Earl's Court, King's Cross, Paddington, London Bridge station remodelling, Victoria Redevelopment and Crossrail for example – that required extensive supply of green and **sustainable construction** related products and services, and related **green jobs**.

By encouraging the introduction of sustainable procurement strategies with regard to the supply of green products and services, the project would help remove barriers such as the lack of information on product supply chain impacts, lack of guidance on and instruments to manage and report environmental impact of their activities, which hindered the development of the green economy. The project would provide adequate support to ensure that SMEs in central London were equipped with the necessary skills and were part of, contributed to, and benefited from, the green economy expansion.

The project was to also put strong focus on high value and knowledge-based sectors in particular the **creative and digital industries sector** that played a key role in delivering economic development and growth in London.

With 37,900 enterprises, over half a million of jobs and a GVA of £18bn (London's Creative Industries Workforce, GLA 2009), the creative industries and knowledge-based economy are key drivers for the London economy and were identified as a key sector by the project's delivery partners. Fast growing and highly innovative, the industry covers a large number of sub-sectors (films, music, digital etc.) and is a high source of jobs and growth in central London. The creative industries provide a large proportion of employment within central London's boroughs, including 12.6% of all jobs in Camden and 11.2% in Westminster. Woman and BAME employment in the creative industries represent respectively 35% and 16%.

However the industry faces increasingly intense competition in the UK and internationally and surveys show that the very small and medium sized companies or micro SMEs, which represent the majority of the businesses in the industry, crucially lack commercial awareness and core business skills (Westminster's Creative Industries, October 2007) and that the industry is poorly tapped into local procurement opportunities.

### **1.3 Project Timescales**

The project ran from January 2013 to March 2015 (practical completion). Delivery began in August 2013 and the financial completion was June 2015 with closedown running from July to September 2015.

### **1.4 Lead Partner and Project Management Team**

City of Westminster was the lead partner in the project.

The project management team consisted of:

- Cross River Partnership Project Manager (part-time),
- Cross River Partnership Project Officer (full-time)
- Cross River Partnership Project Support Officer (part-time).

Additional management and administration support was provided by the Cross River Partnership Director and Cross River Partnership Operations Manager.

### **1.5 Project Partners and Delivery Organisations**

The project partners were:

- City of London Corporation,
- London Borough of Camden,
- London Borough of Hammersmith and Fulham,
- London Borough of Wandsworth,
- Royal Borough of Kensington and Chelsea,
- Westminster Business Council (withdrew from the project in Dec 2013),
- City of Westminster (lead partner).

The project delivery organisations were:

- Greater London Enterprises (GLE One London)
- Carbon Smart
- Shared Intelligence

Details on what the above 3 delivery contractors delivered is elaborated in section 4 of this evaluation

## 2.0 Evaluation Methodology

Projects receiving ERDF funding are subject to evaluation in order to identify:

- whether the project met the original aims and objectives,
- areas of good practice
- lessons learnt.

This will help inform future programme and project design.

CRP carried out this self-evaluation of the Supply Cross River 2 project, in agreement with EPMU. Since the ERDF funding was less than £750,000 an external evaluation was not required as per EPMU guidelines and therefore a self-evaluation was carried out. The evaluation was led by Binal Karia, CRP Project Manager and Ananth Murthy CRP Project Officer, and conducted between the months of May 2015-August 2015.

The evaluation follows the framework of other ERDF and GLA Programme and Project evaluations, and has been intended to meet the key criteria required of ERDF evaluation reports.

The evaluation has been carried out as follows:

1. Desk review of project aims and objectives in order to inform questionnaire design (May 2015).
2. Desk review of spend budget and actual data, and outputs target and achieved data (July 2015).
3. Design of questions for interviews with project partners; the delivery contractors; and beneficiaries (the SMEs themselves who were at the receiving end of the support the project was intended to target) (May 2015).
4. Interviews conducted with project partners (May 2015).
5. Interviews conducted with / questionnaires sent by email to delivery contractors (May 2015).
6. Interviews conducted with / questionnaires sent by email to beneficiaries (May 2015).
7. Data review and analysis (June –July 2015)
8. Production of evaluation report (August 2015).



## 3.0 Project Funding

### 3.1 Budget

The total project budget was originally £1,433,113, made up of £716,557 ERDF funding and £716,557 match funding from contributions from public and private sector partners. The original budget profile was:

Calendar Year	Amount (£)
2013	£647,618
2014	£621,279
2015	£164,216
<b>Total</b>	<b>£1,433,113</b>

Table 1:– Project Budget: Breakdown

The original project partners providing match funding were:

- City of London Corporation,
- London Borough of Camden,
- London Borough of Hammersmith and Fulham,
- London Borough of Wandsworth,
- Royal Borough of Kensington and Chelsea,
- Westminster Business Council,
- Westminster City Council.

During the procurement process, the London Borough of Lewisham, who was originally one of the match-funding partners' withdrew from the project due to organisational restructure and financial constraints.

The total project budget decreased by £216,435 (-15%) in September 2014, following agreement with the EPMU. This budget reduction was in part due to one of the private sector partners, Westminster Business Council (WBC), withdrawing from the project due to financial cuts; and from the reduction in available match funding from Westminster City Council as a result of a council-wide restructure and budget constraints.

The total original and revised project budget by funding source is outlined in Table 2 below.

Funding Source	Total Original Budget	Total Revised Budget	% Change
ERDF	£716,557	£608,339	-15%
Public sector match	£637,932	£608,339	-5%
Private sector match	£78,625	£0	-100%
<b>Total</b>	<b>£1,433,113</b>	<b>£1,216,678</b>	<b>-15%</b>

Table 2: Project Budget: Total Original and Revised Budget broken down by Funding Source

## 3.2 Spend

The total expenditure defrayed against the revised budget is detailed below:

Calendar Year	Budget		Variance
	Forecast	Actual	
2013	£441,241	£132,405	-70%
2014	£571,748	£439,599	-24%
2015	£203,689	£310,290	152%
<b>Total</b>	<b>£1,216,678</b>	<b>£882,296</b>	<b>-28%</b>

Table 3: Project Revised Budget, Actual and % Variance by Year

Match-funding contributions broken down by project partner were:

Project Partner	Original Match	Revised Match	Actual	Variance
City of London Corporation	£79,500	£79,501.00	£78,999.33	-1%
London Borough of Camden	£52,375	£52,375.00	£44,461.42	-15%
London Borough of Hammersmith & Fulham	£0	£30,000	£30,000	100%
London Borough of Wandsworth	£167,464	£167,436.00	£94,763.37	-53%
Royal Borough of Kensington & Chelsea	£0	£30,000	£30,000	100%
Westminster Business Council	£157,250	£24,528.01	£25,755.82	105%
Westminster City Council	£260,000	£224,308.52	£193,465.59	-13%
<b>Total</b>	<b>£716,589</b>	<b>£608,148.53</b>	<b>£479,972.55</b>	<b>-21%</b>

Table 4: Match-Funding Revised Budget, Actual and % Variance by project partner

There has been a significant underspend on the project as a result of the following factors:

- a. The project started seven months later than originally anticipated as a result of delays in advertising the project delivery tender to appoint delivery contractors procured through the OJEU procurement process. This delay meant that match funding contributions which had been available from project partners in the first seven months of the project were lost as the funding was time-specific.
- b. Changes in the economic environment affecting local authorities, between bid submission and commencement of project delivery, resulting in match-funding targets not being met as a consequence of reduction in staffing resources.

### 3.3 Programme Management and Administration Costs

CRP had previously managed the Supply Cross River project; which was established in 2008 and designed to open up supply chain and procurement opportunities to local SMEs and black, Asian, minority and ethnic (BAME) businesses across the CRP sub-region and also promote supplier diversity and sustainable procurement to buyers. CRP had previous experience and was therefore well placed to lead and co-ordinate delivery of the SXR2 project on behalf of its partners.

Building on the experiences from managing earlier projects, CRP’s SXR2 project management team undertook the following:

- Establishment of systems and processes to ensure that match funding evidence collected from partners was both eligible and compliant. This was done by informing all the partners of the requirements to evidence defrayal of salaries and cash match.
- Development of a project partner handbook which included relevant guidance on evidence of defrayal, collection of compliant evidence, recording of outputs and outcomes, publicity and state aid, etc. A copy of the handbook is attached in **appendix 1**.
- Regular audits and meetings held between CRP and the delivery contractors in order to ensure that all the outputs and results evidence was compliant and relevant information was captured. Any discrepancy identified by CRP was raised with the delivery contractor to establish whether the activity was valid (and thus required better evidencing) or invalid (and thus required removal from the project records). Advice from the GLA was sought as necessary to ensure maximum compliance.

Clarity of eligibility and compliance requirements between the project management team and the project partners assisted CRP in the timely submission of high quality quarterly returns to the GLA.

- Even though the system was set up to ensure timely collection, there were instances where staff from different partner organisations had either left or changed job roles and a formal request had to be made everytime information was requested. New contacts at partner organisations were initially reluctant to release sensitive information such as council bank statements but after making them aware of ERDF regulations released the information straight away.

The project management and administration costs are provided below:

Management and Administration costs	Original Budget	Revised Budget	% Change Original to Revised Budget	Spend	% Variance Revised Budget & Spend
CRP Operational Costs	£716,556	£608,339	-15%	£479,972	-21%

Table 5: Project Management and Administration Funding: Original & Revised Budget and Spend

The variance in spend for CRP’s management and administration was to ensure that costs were in line with the match funding being received from the partners. Staff and contractor costs had to be reduced to ensure that there was no overspend of ERDF.

### 3.4 Lessons Learnt

**Evidence Compliance Requirements:** The project has demonstrated the importance of ensuring all partners are aware of the funder's compliance requirements for evidencing spend and outputs from the project initiation. Other departments and staff that were not directly responsible for the delivery of the project but were involved in providing defrayal and spend evidence i.e. payroll, HR and Finance were also briefed on the type of evidence that would be required in order to ensure compliant retrieval of the documents.

**Audit:** This project has demonstrated the importance of maintaining good records for audit purposes. This project had two audits between Jan 2013 & June 2015.

1. The Greater London Authority carried out the A13 audit in early 2014. This audit reviewed project procurement records; spend, output and results evidence. This successful audit, signed off by the GLA Compliance and Audit Manager, was commended by the officer as being well run.

## 4.0 Project Outputs and Results

### 4.1 Target

The project delivery tender opportunity was broken down into five lots to enable SMEs to bid for the contracts and to increase competition. The five lots were:

- Lot 1 – Sub-regional business support activities for SMEs
- Lot 2 – Local business support activities for SMEs in Hammersmith & Fulham and Kensington & Chelsea
- Lot 3 - Business support activities for SMEs, Environmental qualification
- Lot 4 – Sector specific expertise: Creative Industries
- Lot 5 – Buyer Engagement Activity

A copy of the specification of the services which details all the activities under each lot is attached as **appendix 2**.

Due to the size and nature of the procurement there was a requirement to adhere to the restricted OJEU procurement procedure. The successful delivery contractors awarded tenders were:

- Lots 1, 2 and 5 - GLE OneLondon,
- Lot 3 - Carbon Smart,
- Lot 4 - Shared Intelligence.

The targets for the project are shown in the below table. The original targets were agreed with the GLA at the start of the project. The revised targets were agreed with the GLA in August 2014 following the reduction in project budget. The two columns show the original and the revised figures post the change request.

Output Code	Output Description	Original Target	Revised Target	% Variance
O3c	SMEs assisted (12 hours +)	400	367	-8%
LO17	SMEs with sales in new markets	40	36	-10%
R1	Jobs created (other than a job in the environment sector)	20	18	-10%
R2	Jobs safeguarded	40	33	-17%
R3g	SMEs with improved performance	40	38	-5%
R3h	SMEs with improved performance	20	25	25%
LR12	New sales generated	£7m	£5m	-29%

Table 6: Project Outputs: Original Target, Revised Target and % Variance

## 4.2 Achievements

### Project Delivery

Output Code	Revised Target	Achieved	% Achieved against Revised Target	Comment on Achievements
O3c-SMEs assisted (12 hours +) -	367	361	-2%	Slight underachievement. Although 610 SMEs registered onto the project and received some amount of hours of support but not the full 12 hours
LO17-SMEs with sales in new markets -	36	29	-20%	Slightly underachieved. Mainly due to market forces prevalent
R1- Jobs created (other than a job in the environment sector) -	18	68	277%	Overachieved
R2- Jobs safeguarded -	33	42	127%	overachieved
R3g- SMEs with improved performance -	38	47	123%	overachieved
R3h- SMEs with improved performance -	25	27	108%	overachieved
LR12- £100,000 of new sales generated -	£5m	£6,689,438	133%	overachieved

Table 7: Project Outputs: Revised Target, Achieved, % Variance and Commentary

The project set out to improve the competitiveness of SMEs through the provision of a variety of supportive measures. It aimed to reduce the barriers SMEs face when competing for contracts with larger firms in the private sector and work or services to the public sector.

Over the duration of the project, the following types of support were provided by the delivery contractors to all the SMEs:

- 74 workshops and events; which included: :-
  - 4 principal Meet the Buyer events; plus
  - Open doors to major buyers;
  - Business to Business opportunities;

- Exposure to City based firms;
- Specialist sector support;
- One to one business advice;
- Policy creation for SMEs;
- Support in writing tenders.

68 valuable jobs were created in London and 42 safeguarded which might otherwise have been lost in the recession. It is noteworthy that these jobs were created by small businesses in the facilities management areas of security, cleaning, IT and also marketing. These are growth areas for small businesses and a sector in which valuable supply chain opportunities can be found.

Lot 4 of the project was specifically targeted towards the 'creative sectors, while the remainder of the project encompassed all sectors.

GLE OneLondon approached the programme of support cognisant of the fact that London is home to some of the best and most influential designers, advertisers, film production specialists, games programmers, animators, artists, musicians and writers. These all form part of the creative sector which is the capital's second largest sector worth around £20 billion per year.

It is acknowledged that many supply chains start with a construction project. This then breaks down into many sub lots. Supply chains therefore embrace all sectors of the business community.

S106 (the section within the planning consent that calls for community benefit) often places obligations on buyers to provide employment and enterprise opportunities for local residents and businesses. The project enabled these opportunities to be fully exploited as much as possible, acting as a conduit for buyers to fulfil their obligations through activities within the project. The majority of the buyer activities emanated from the construction sector.

However, across London, in addition to the rise in construction activities there are additional sectors at work e.g. food, facilities management and business consultancy, all needing specific support. SMEs in these sectors endeavour to offer the general public goods and services which contribute to the overall growth for the SME business sector.

Delivery under Lot 2 encompassed the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham. It provided support to an additional 30 SMEs.

Achievements per lot per contractor are mentioned below:-

GLE Achievements under Lot 1	Target	Actual	Variance
<b>O3c - Businesses assisted</b>	<b>250</b>	<b>252</b>	<b>100.8%</b>
<b>LO17 - SMEs with sales in new markets</b>	<b>20</b>	<b>15</b>	<b>-25%</b>
<b>R1 - Jobs created</b>	<b>15</b>	<b>65</b>	<b>433.33%</b>
<b>R2 - Jobs safeguarded</b>	<b>33</b>	<b>30</b>	<b>-9%</b>
<b>R3g - SMEs adopting an active environmental policy</b>	<b>20</b>	<b>16</b>	<b>-20%</b>
<b>LR12 - New sales generated</b>	<b>£3,000,000</b>	<b>£2,219,818</b>	<b>-26%</b>

GLE Achievements Under Lot 2	Target	Actual	Variance
<b>O3c - Businesses assisted</b>	<b>32</b>	<b>32</b>	<b>100%</b>
<b>LO17 - SMEs with sales in new markets</b>	<b>3</b>	<b>3</b>	<b>100%</b>
<b>R1 - Jobs created</b>	<b>3</b>	<b>3</b>	<b>100%</b>
<b>R2 - Jobs safeguarded</b>	<b>6</b>	<b>7</b>	<b>116.66%</b>
<b>R3g - SMEs adopting an active environmental policy</b>	<b>2</b>	<b>2</b>	<b>100%</b>
<b>LR12 - New sales generated</b>	<b>£1,000,000</b>	<b>£421,106</b>	<b>-57%</b>

Carbon Smart Achievements under Lot 3	Target	Actual	Variance
<b>R3h - gaining independent accreditation</b>	<b>25</b>	<b>27</b>	<b>108%</b>
<b>R3g - SMEs adopting an active environmental policy</b>	<b>25</b>	<b>27</b>	<b>108%</b>
<b>LO20- SMEs using their environmental credentials or products to access new markets or supply chains</b>	<b>5</b>	<b>2</b>	<b>-60%</b>

GLE Achievements under Lot 4	Target	Actual	Variance
<b>O3c - Businesses assisted</b>	<b>50</b>	<b>50</b>	<b>100%</b>
<b>LO17 - SMEs with sales in new markets</b>	<b>3</b>	<b>1</b>	<b>-66.66%</b>
<b>R1 - Jobs created</b>	<b>4</b>	<b>0</b>	<b>0%</b>
<b>R2 - Jobs safeguarded</b>	<b>0</b>	<b>5</b>	<b>500%</b>
<b>R3g - SMEs adopting an active environmental policy</b>	<b>0</b>	<b>2</b>	<b>200%</b>
<b>LR12 - New sales generated</b>	<b>£700,000</b>	<b>£9,380</b>	<b>-98.66%</b>

SI/MTW Achievements under Lot 5	Target	Actual	Variance
<b>Buyers engaged</b>	<b>150</b>	<b>132</b>	<b>-12%</b>
<b>LO17 - SMEs with sales in new markets</b>	<b>16</b>	<b>11</b>	<b>-31.25%</b>
<b>LR12 - New sales generated</b>	<b>£1,800,000</b>	<b>£4,039,234</b>	<b>224.40%</b>

Table 8:- Outputs achieved per lot per contractor



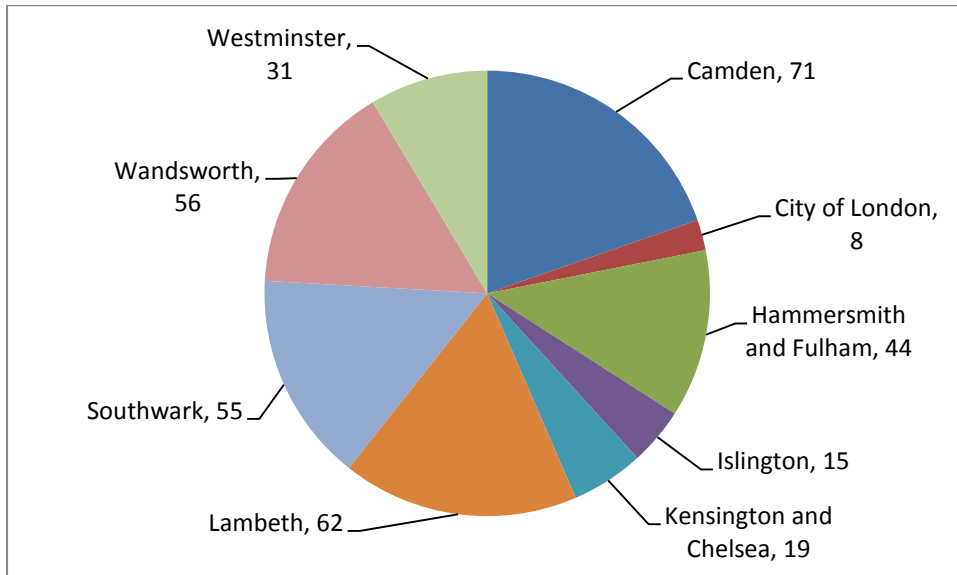
## **The Partners**

The City of London, London Boroughs of Camden, Hammersmith & Fulham, Islington, Lambeth, Southwark, Wandsworth, Royal Borough of Kensington and Chelsea and Westminster City Council were project partners. Each borough provided match-funding contributions to the project through a combination of in-kind and cash contributions. In-kind match funding included offers of venues and buyers to support local SMEs. Cash match funding was provided to support the principal Meet the Buyer events.

Examples of match funding include:

- City of London. Matching of the 'Ready to Supply the City (RTSC)' programme. This was also being delivered by GLE OneLondon. There was a clear agreement that all activity delivered for RTSC would be branded as SXR2 and outputs claimed under the SXR2 report to ERDF. Project delivery covered the boroughs of Southwark, Lambeth, City of London, City of Westminster. Also the City Transactional Buying Managers used this programme to alert the SXR2 project of smaller purchasing needs. The resultant activities were utilised as match-funded these to SMEs in the programme.
- Westminster City Council – use of Westminster City Hall for workshops plus the presence and contribution of the category managers who introduced procurement to the gathered SMEs in each workshop. In particular, the new procurement portal Capital – E-Sourcing was discussed. Westminster also supported the Meet the Buyer event held at Olympia London with costs and buyers present to meet SMEs hosting their own Meet the Buyer event..
- London Borough of Hammersmith & Fulham – use of the Nigel Playfair Suite at Hammersmith Town Hall. LBHF provided the use of Olympia for the second Meet the Buyer event. Additional funding was provided for Lot 2 against additional target to provide extra support in this borough.
- Royal Borough of Kensington & Chelsea (RBKC) – use of committee rooms for networking events at Kensington Town Hall. RBKC supported the costs of the Olympia Meet the Buyer event. Additional funding was provided for Lot 2 against additional target to provide extra support in this borough.
- London Borough of Camden – supported the costs of the Orte Conference Centre for the first Meet the Buyer event and facilitated various meetings with potential buying organisations through S106 agreements with the buyer engagement expert.
- London Borough of Lambeth – Supply Nine Elms programme was matched to SXR2 and provided additional support to SMEs in Lambeth. Its focus was to be the opportunities arising from the Nine Elms Development.
- London Borough of Wandsworth - Supply Nine Elms programme was matched to SXR2 and provided additional support to SMEs in Wandsworth. Its focus was to be the opportunities arising from the Nine Elms Development.

The businesses assisted for 12 hours (O3c's) achieved were equitably split between all the participating boroughs according to the number of SMEs in existence although Westminster businesses were slightly under-represented. This can be attributed to the fact that many of the businesses were already benefiting from similar type of activities being delivered by other organisations. A total of 361 businesses received the full 12 hours of support although overall 610 SMEs registered onto the programme



**Pic 1:-Graphical representation of O3Cs split by Borough.**

As seen in Table 7 above, the Project overachieved on all of its key result indicators namely R1, R2, R3 and LR12's and this is testament to the project, the suppliers and the buyers alike who were very keen to do business with each other and also create and safeguard jobs.

### 4.3 Equal Opportunities

Equalities targets were set for output O3c – Businesses provided with 12+ hours of support, and are set out in the table below: of which 10% of those businesses needed to be within the environment sector.

Indicator	Target	Achieved
<b>O3c Businesses assisted</b>	367	361
<b>of which</b>		
Women	133	91
BAME	136	98
People with disabilities	20	10
Environment Sector	41	13

**Table 9: Project Achievements: Equalities Target and Achievements for Businesses Assisted**

As can be seen from the above table 70% of the target was achieved for women owned business and 75% of the BAME target was achieved and this may be due to the number of SMEs belonging to the construction sector which is predominantly male majority.

The project partnered with several organisations which represented equality groups. One such organisation was WEConnect International.

WEConnect International is the leading global supplier diversity initiative spearheading the connection of women-owned businesses and multi-national corporations. It is Europe's leading advocate of women-owned businesses as suppliers to global and national corporations and government bodies.

Their mission is to ensure that:

- majority-women-owned businesses (51%+) are given fair and equal access to corporate and public sector procurement opportunities locally, nationally and internationally.
- corporate Europe and government agencies throughout Europe, understand and are able to benefit from the diversity, innovation and brand value-added that women-owned businesses bring.

Their work is about access to contracts and ensuring that women owned businesses have complete awareness of what is out there in the market and they are well prepared to get into the supply chain.

They work with:

- multi-nationals and government departments who recognise the benefits of widening access to their supply chains.
- women-owned businesses who want to connect with corporates and demonstrate to them just how good they are.

WEConnect held several workshops and networking events for women owned businesses on topics such as effective business planning, compliant tendering, etc.

#### **4.4 Environmental Sustainability**

Carbon Smart delivered environmental certifications for SMEs. They held 8 workshops and helped 54 SMEs gain industry recognised environmental accreditations which would help fulfil obligations to market their business to potential buying organisations. This was an overachievement on their part towards a target of 50.

The provision of advice to improve environmental performance is extremely valuable, both for the businesses themselves and for the environment in a wider sense. SMEs contribute 34% of the United Kingdom's private-sector carbon dioxide emissions. Additionally, the consumption of natural resources, including land, fuels, water and materials causes environmental issues besides climate change. Local and regional atmospheric, terrestrial or aquatic pollution (chemical and biological) may result from gaseous emissions attributable to transportation or energy use, potentially degrading natural environments and threatening vulnerable species. There is therefore a responsibility for the owners and managers of SMEs (and larger organisations alike) to seek to reduce their impacts upon the environment. However, the difficulty in communicating environmental concerns is often a barrier between the scientific understanding of the issues and the actions needed to mitigate them. Policy-makers and governmental authorities have a duty to better enable and facilitate the progression towards a lower-carbon and more sustainable society, and a part of this process will include the sharing and communication of scientific knowledge and developing an emphasis on inclusivity and conscientiousness regarding the environment. Additionally, the restrictive financial capacities of many SMEs may preclude them from taking actions to improve their environmental performance, even where an awareness may be present. Consequently, it is important to provide opportunities for businesses to take actions where they otherwise might not have been able to do so.

The cumulative impact of small and medium-sized enterprises necessitates taking measures to encourage them to improve their environmental performance. The Project was one such measure, and was therefore highly relevant to the environmental context of London and wider geographical scales.

#### **4.5 Lessons Learnt**

The difficulties experienced in collecting supporting evidence to evidence outputs achieved both limited the number of outputs that could be claimed, and placed a considerable workload on the advisors when collecting evidence and the Project staff responsible for reviewing and claiming subsequent outputs. During output audits with consultants, the CRP project management team had to frequently ask delivery partners to provide further evidence and where this wasn't available, outputs had to be discounted. This has been one of the main reasons as to why majority of the outputs claimed under the project have been compliant as Cross River Partnership has taken a stringent approach to approving paperwork with the consultants.

## 5.0 Assessment of Impact by Aims, Objectives and Results

### 5.1 Achievement against project aims and objectives

The overall aim of the project was “to widen access to procurement and supply chain opportunities for SMEs, and create jobs in the central London area”). Based on a dual approach – working both with SME suppliers and buyers - the project objectives were to

1. Help SMEs become more ‘fit to supply’,
2. Win new contracts, and
3. Promote the benefit of local and sustainable procurement to buyers.

To what extent were the project’s aims and objectives achieved?

1. Help SMEs become more ‘fit to supply’ – **MET** by:
  - engaging with a total of 610 businesses
  - providing 12 hours or more support to 361 businesses through one-to-one support, workshops and Meet the Buyer events.
  - recruiting for, organising and staging 81 workshops and events including four principal Meet the Buyer events and six Mini Meet the Buyer events.
  - helping 74 businesses achieve environmental accreditations
2. Win new contracts – **MET** by:
  - helping 79 businesses with contracts worth a total of £6m+ to date and thus creating and safeguarding jobs.
3. Promote the benefit of local and sustainable procurement to buyers – **MET** by:
  - The buyers are now proactively engaging with buyer engagement consultants to liaise with local SMEs for tendering opportunities. This is more prominent in some sectors than others such as the construction industry where S106 obligations need to be taken into account.

In line with the funding bid, the project has also:

- Contributed to sustainable economic growth in central London by helping SMEs enter new supply chains and grow their business. This is reflected and evidenced by the number of sales won by SMEs entering new markets (LO17). Refer to table 7 for outputs achieved.
- Opened up and maximise opportunities arising from large developments in central London such as Nine Elms, Earl’s Court, King’s Cross Paddington, London Bridge station remodelling, Victoria Redevelopment and Crossrail. Supply Nine Elms on the South Bank was one such project which helped SMEs in the Lambeth and Wandsworth area by opening up opportunities in their area. This resulted in 23 contracts being exchanged worth £1.2m.
- Ensured thorough outreach and cascading of business support to SMEs located in the most deprived areas in central London and London in general.
- Improved the way public and private sector procurement encourages local business growth Following on from this many local authority partners realise the importance of working with local businesses and are therefore trialling the Responsible Procurement Act by implementing into their procurement practice and looking at ways and means of making the most of S106.
- Built on best practices developed and implemented by previous projects such as Supply Cross River, ICAM and Supply London 2 to ensure the use and monitoring of community benefit clauses in public sector contracts, thereby contributing to economic growth.
- Increased the share of contracts won by minority businesses; and

- Increased suppliers' awareness of contract opportunities, procurement policies and process understanding to help them win new contracts. This is demonstrated by the number of workshops (mentioned earlier in this report) that were held across the sub-region on different themes ranging from tender writing, marketing, supply chain management etc. which have proved invaluable to the SMEs/ beneficiaries.

## 5.2 Achievement against project results to assess impact

### To what extent were the project's results realised?

Overall the project has been extremely successful in achieving the project results. The biggest successes have been with the jobs created (R1) and safeguarded (R2) as well as the value of sales generated - £6.7m over the life of the project. Refer to table 7 for project achievements.

Overall the project held 81 different themed events and workshops. Feedback on these events and workshops was gathered from SMEs both straight after delivery or after the SME completed 12 hours of support or won a contract. This feedback shows that SMEs rated these events and workshops as 'good'. This shows they have helped build business capacity and confidence and thus helped business to win contracts and create and safeguard jobs.

The case studies (in **Appendix 3**) highlight the project results. The organisations that have been very proactive have gained a huge amount from the project. Serna Cleaning for example has created 45 jobs since registering onto the project. Small companies like Nu-electrics although won a relatively small contract, it is with a large buying organisation, Westfield, who have already lined them up for future work.

### If the project had not been funded by ERDF, what outputs and results would have been achieved anyway?

According to the evaluation feedback forms completed by SMEs, many of them have highlighted that they would not have had the confidence or capacity to tender for contracts without the support provided by the project. Therefore, the ERDF funding has had a direct impact on aiding business growth. Some businesses would have gone on to win contracts without this ERDF funded project since there were other procurement support projects such as Supply Nine Elms on the South Bank and Ready to Supply the City which are specifically borough-focused occurring in London during the project delivery period.. SMEs have explicitly stated that without the support of the project, they would not have won contracts. This is highlighted in the case studies attached as Appendix 3.

### How sustainable are the impacts that were achieved?

The project activity achieved the following sustainable impacts:

- Building the capacity and confidence of SMEs to tender for contracts with both public and private sector organisation. The legacy of this support will continue beyond the lifetime of the project itself.
- Enabling SMEs to build up rapport with many buyers, contacts that will again have a legacy beyond the lifetime of the project delivery phase.
- Enabling SMEs to win contracts in new markets which have now opened up new avenues for them to continue to focus on and grow their organisation.
- Increasing the knowledge of buyers on the benefits of sustainable procurement, which will inform future procurement decisions.
- Building close relationships between buyers and local SME's which, it is hoped, will continue beyond the project delivery phase.

Given the length of the project delivery and evaluation phases, it is important to note that comment on the long term sustainability of the project's impacts is based on estimated rather than actual events.

Despite the above, it is particularly difficult to assess the sustainability impacts of the project. Sustainability by definition is a trait which becomes increasingly evident as time elapses. Since the project operated for less than three years and the evaluation was conducted over the course of only three months, there is an extremely limited temporal scale across which to determine sustainability.

### **Were there any unintended benefits?**

Through its events, the project allowed significant networking opportunities between businesses and this can create specific business opportunities as well as opportunities for consortia bidding in the future. The project has also created closer relationships between buyers.

## **5.3 Strategic Added Value (SAV)**

Strategic Added Value has been achieved through this project in the following ways:

### **1. SMEs receiving in depth support (more than 12 hours)**

Whilst the project delivered 12 hours support to 361 SMEs, support beyond that originally planned was delivered in the 9 boroughs as outlined below:

- 361 SMEs received a minimum of 12 hours support and enabled the project to achieve an O3C output.
- 200 SMEs enjoyed more than 12 hours.
- 144 SMEs received between 12 – 24 hours.
- 70 SMEs received over double the expected support of the programme.
- Provided SMEs in Lambeth and Wandsworth with additional exposure to opportunities on their doorstep. This took the form of events taking place with buyers in those developments. It was only through the project that SMEs on those projects were able to engage in technical knowledge transfer and workshop content not envisaged as part of the Supply Nine Elms offer.
- Provided SMEs exposure to City based corporations which was additional to the SXR2 programme.
- Provided supplying opportunities to City based projects through the City's Transactional buying team.
- Provided business to business selling opportunities through the promotion of networking events and skills training. This was particularly useful to SMEs in well-being and consultancy services who would not normally find selling opportunities within the construction or corporate industries very easy.
- Provided access to specialist training and exposure for SMEs in other sectors particularly food and artisan creative industries e.g. jewellery making.

### **2. City of London Transactional Buying Service**

As part of the project's delivery mechanism there was an agreement with the City of London Procurement Department to partner their 'Transactional Buying Service'. This Service was a key deliverable of the City of London's own procurement departmental re-structure. A system was established whereby the City of London's Transactional Buyers would alert GLE OneLondon (the relevant delivery contractor) by email each time they had a requirement for a quick low cost supply

opportunity. Within pre-agreed timescales the delivery contractor fulfilled this expectation by alerting participating SMEs registered on the project's database. In this way many of the SMEs also participated in being offered smaller tendering opportunities which matched their profile.

In total 96 supplying opportunities were provided to the City Transactional Buying Service. The project matched 55 of these to the SME base.



## 6.0 Trends and Issues

### 6.1 Key Barriers to Achievement

One of the key barriers to success which has been highlighted by all partners in the evaluation is the ERDF output for 12 hours of support for SMEs (output O3C). Many SMEs that required the 12 hours of support did not necessarily achieve the new sales generated output (LR12) and vice versa so these outputs contradicted each other. The new sales generated output (LR12) could usefully also record units as well as monetary value. Another key barrier was the completion of paperwork to evidence outputs achieved. Many SMEs safeguarded jobs as part of the project however, due to data protection regulations, SMEs were unable to provide names of employees or post reference numbers for jobs safeguarded or created which meant that these outputs could not always be claimed. This led to a significant under-claiming of jobs created and safeguarded.

Other barriers included:

#### 1. Lack of opportunities for SMEs on the programme

Initially the delivery of the O3C outputs were not being achieved as quickly as first envisaged. Early review identified there was a lack of opportunities for micro suppliers in the project.

A particular issue that came to light at a very early stage was the Ready to Supply the City (RTSC) project which was similar to SXR2. This project encompassed many sectors as City of London based corporations sought to engage with SMEs to fulfil a variety of their requirements including facilities management (cleaning, catering, security) HR, consultancy, IT and media services. Delivery of Lot 5 – Buyer Engagement – was delivered by Shared Intelligence (SI). The experience offered by Shared Intelligence was predominantly drawn from the construction sector, resulting in the majority of the pipeline of opportunities being construction based in the early days of the project. Construction firms undertaking the major developments in each stakeholder borough had been approached and a pipeline of opportunities submitted to GLE OneLondon for matching. The scale of the construction sector pipeline of opportunities proved problematic as it became difficult to match the SME base given it was mainly consisted of non-construction SMEs.

To mitigate the risk of Lot 5 not delivering sufficient opportunities to aid the fulfilment of LR12 outputs, GLE OneLondon sought additional buyers in appropriate sectors including:

- New Covent Garden Market (NCGM) suppliers – networking events were convened at NCGM in order to introduce small food companies to potential suppliers in Lambeth. Buyers such as First Choice presented at events providing advice to SMEs on how to set their prices for deliveries etc.
- City West Homes – for smaller repair and maintenance contracts and Facilities Management, architecture and IT
- Amey – for Facilities Management
- Mitie – for Facilities Management
- Westminster Category Manager - for IT Services
- Royal Bank of Scotland – for office services
- Accenture – for office services, IT and Facilities Management
- City of London – Transactional Buying Service

As a result of this direct action the project was successful in supporting SMEs to win new business. For example Powerday won a contract with St. George worth £100,000 and Gingko won a contract with Berkeley worth around £110,000.

## **2. Size of SMEs**

The amount of likely business gains is directly associated with the capabilities of the SMEs and their size. Many SMEs in London are small and SMEs who take advantage of support are likely to be those less able and smaller in size i.e. have less than 10 staff. Larger SMEs i.e. those with turnovers of more than £2m gained through achievement of business are less likely to avail themselves of funded support.

Buyers fed back that the SMEs accessed through this project were sometimes too small and too inexperienced to enter into a procurement relation. The Proportionality Rule prevails in procurement risk management. It states that a contract should not represent more than 20% of a supplier's annual turnover. However the initial tranche of SME listings included some businesses with extremely small turnover which proved to be a barrier to their supply chain entry. This also impacted upon their ability to achieve the new sales target.

Breakdown of SMEs by Turnover:

Of the total number of 610 registered companies

- 414 had a declared turnover of less than £15million – 88%
- 388 had a declared turnover of less than £5million – 82%
- 280 had a declared turnover of less than £1million – 60%
- 220 had a declared turnover of less than £500,000 – 47%

Therefore 60% of the SMEs operated with a turnover of less than £1 million. This would only enable them to bid for contracts worth no more than £200,000.

Partly due to the project's initial matching of the RTSC programme and partly due to the make-up of SMEs in London many of the businesses registered were small micro businesses. This had not been a problem identified in the original vision.

In order to minimise the impact of this situation, suppliers were invited to buyer events drawn from delivery contractors experiences of working on past programmes. This created a two tier supply base: SMEs invited to meet buyers and SMEs invited to participate in support. This enabled GLE to assure buyers that SMEs could be found to meet their needs.

The timing of project events during the day also had to take account of school needs, school holidays and overall childcare concerns in many cases. This is often the case when working with small SMEs who are often family run businesses.

## **3. Lack of interest from SMEs**

SMEs attending project events provided feedback that there had been many support projects funded by ERDF and others in recent years. SMEs' participation in previous support initiatives had not necessarily generated tangible results leaving them largely sceptical about this project's offer. During the project the delivery consultants remained confident that as the opportunities increased for SMEs it would motivate them to register and attend the free events on offer.

Despite huge attempts at marketing the events the ‘no-show’ rate remained high. While this is usual for free funded programme intervention, nevertheless it is based upon the assumption by SMEs that their time spent will not be rewarded with opportunity. **Timing assumed by the project**

The ERDF vision was that the support of the programme should benefit those businesses partaking throughout the project lifetime. However, this vision was tested in the SXR2 project for the following reasons:

- SMEs engaged in a great deal of support and knowledge transfer, which took time to disseminate within their own organisations. Whilst applying for tender opportunities SMEs were subject to the contractual timings of the buyers. This resulted in the contractual wins and sales generated outcomes mainly being realised towards the end of the project.

## 6.2 Key Opportunities

This project benefitted from the knowledge of highly experienced management and delivery organisations. The experience of Cross River Partnership, and many of the partners and delivery consultants, ensured:

- potential issues to be highlighted early and addressed quickly;
- paperwork to evidence outputs claimed was compliant ‘first-time’; and
- opportunities were maximised as they occurred throughout the project lifetime.

## 6.3 Added Value

Without support from ERDF the type of support provided to SMEs and buyers throughout this project would not have been provided.

The project delivered significant added value to the SMEs being targeted by making them aware of, and prepared them to bid for and win, new contract opportunities across Central London. The ERDF funding enabled the delivery partners to develop and adopt this new and additional local and sub-regional approach across 9 Central London Boroughs. The support without this would have covered a much smaller geographical area and would not have crossed administrative borough boundaries.

Finally, the ERDF enabled the project to develop both additional cross-sector and additional and specialist sector-specific approaches with different support being delivered to SMEs from the environmental technologies, cultural and creative and construction sectors in particular. This would not be possible without ERDF and was also a key finding of the evaluation of the Supply Cross River project which covered four of the boroughs included in this project.

In conclusion the project was bigger, better and more effective and delivered more results due to ERDF support.

## 6.4 Value for Money

‘Developing Supply Chains in Central London’ aimed to achieve a range of outputs by providing the right services at the right price. It was expected that **400 SMEs** across the sub-region would receive the equivalent of two days (12 hours) of business support in the form of one-to-many and one-to-one support helping them improve their capacity to win new contracts, enter new markets, and consequently create jobs. Supported businesses were expected to gain environmental credentials,

develop and implement necessary policies and good practices that would increase their competitiveness with a long-term effect.

It was estimated that the project would generate **£7 million of new sales** for its SME beneficiaries and create **20 jobs**. 60 SMEs were also expected to improve their performance. This is based upon experience of previous supply chains projects in London, in particular Supply Cross River, which generated £18m sales and created 67 jobs. The final evaluation of SXR2 showed that for **each £ of public funding invested, £3.20 were returned to the London economy**. Comparing that to its predecessor the Supply Cross River 1 project, for every £ of public funding invested, £2.47 was returned to the London economy which clearly shows the improvement in the current project.

With a total project value of £1.2m of which match and ERDF was 50% SXR2, obtained a much better value in the sense that 361 businesses received 12 hours of support and roughly £7m worth of sales were generated. With regards to the results, 68 Jobs were created and 42 jobs were safeguarded to a target of 18 and 33 respectively. This was a massive overachievement and value for money in terms of the project.

Moreover the nature of the project's activities means that the project has had a spin-off impact across the sub-region and a likely positive multiplier effect within the London economy, during and beyond the lifetime of the project.

## 6.5 Exit Strategy/Sustainability

The Developing Supply Chains in Central London (DSCCL) SXR2 project has encouraged the procurement functions in the local authority partners and the private sector organisations that were part of the project to incorporate steps in their procurement process to make it easy for local SMEs to bid for opportunities.

Some of the local authority partners like Westminster City Council and Lambeth Council have incorporated the Social Value Act and Responsible Procurement into their procurement activity. This would encourage 1<sup>st</sup> and many 2<sup>nd</sup> tier suppliers to either further procure services from local SMEs and/ or create jobs.

Westminster City Council has even begun trialling this process with 3 of their contracts and will be evaluating the continuity throughout the contract period in order to roll it out on a permanent basis for all of their tenders.

Lambeth Council's procurement team has incorporated responsible procurement as well and has published a responsible procurement charter additionally.

The DSCCL SXR2 has also spawned a few spin off projects such as the Supply Nine Elms in Vauxhall which was run in partnership with Lambeth and Wandsworth Councils to enable SMEs in the 2 boroughs to get into the supply chain of the Battersea redevelopment area. This has proved to be very successful and has delivered approximately £1.2m worth of contracts exchanged.

The Ready to Supply the City project which is being run by the City of London Corporation looks to improve access to micro and small businesses in the area, and will be continuing for the foreseeable future.

The economic development and procurement teams in London Boroughs of Hammersmith and Fulham and Camden and the Royal Borough of Kensington and Chelsea have also stepped up their efforts of working with SMEs in their area. They are providing various types of business support activities and are strengthening their S106 agreements to get the most out of their procurement practices.

**This project has thus ensured that the legacy of its activities are carried way beyond its lifetime and that the organisations that were either involved or part of it continue to improve their procurement design process to make SMEs an essential part of its supply chain.**

## 7.0 Key Conclusions and Lessons Learnt

There were a number of key conclusions and lessons learnt arising from this SXR2 project, as follows:

- Type of SME supported
- Design of project
- Opening up public sector procurement opportunities
- Experience of project management team and delivery contractors
- Buyer engagement
- Achievement of outcomes
- Match Funding

### 7.1 Type of SME Supported

Providing support to SMEs to access procurement opportunities remains a valid activity in London, but this is becoming an increasingly crowded marketplace, with numerous different support activities targeting often the same SMEs. Future SME supply chain projects should identify gaps in existing and planned provision, and seek to fill those gaps. A programme of SME identification, engagement and communication should be implemented to ensure projects reach 'new' SMEs.

Not all SMEs registered onto this project required 12 hours of business support in order to win contracts. Experience has demonstrated that the project (and therefore any delivery contracts) should support the delivery of different levels of support dependent upon the needs of the SME. For example, start-ups and pre-startups may need business support, but will not necessarily go onto achieve sales generated outcomes. In the future, the profile of outputs and outcomes should be built recognising this a targeted approach to different types of SMEs.

### 7.2 Design of Project

Designing five different co-dependent activities (in five Lots) and appointing three different delivery contractors to deliver these activities led to challenges where the sectoral focus of buyers engaged and SMEs supported was not consistent, and pathways for SMEs were not clear. Each delivery contractor was focussed on achieving their outputs and outcomes targets and therefore fulfilling their own contractual obligations. Delivery of this type of project in the future should give more focus to how different delivery contractors work together to achieve the overall outputs of the project. Additionally, explicit and consistent sectoral focus should be applied across both buyer and supplier activities, with clear pathways for SMEs, being explicitly pre-agreed by delivery agencies is recommended.

The Public Services (Social Value) Act 2012 instructs public authorities to have regard to "economic, social and environmental well-being in connection with public services contracts". The Act states that in the procurement of service provision, a local authority must consider, "(a) how what is proposed to be might improve the economic, social and environmental well-being of the relevant area, and (b) how, in conducting the process of procurement, it might act with a view to securing that improvement. The Social Value Act, 2012 has the potential to make requirements of SMEs supplying the public sector, such as number of apprentices, or use of local labour. Future SME supply chain projects should factor in these requirements, to ensure all opportunities are used to maximise outcomes.

### 7.3 Opening up Public Sector Procurement Opportunities

SMEs in London tend to be small. As per the GLA report of 2012 London had 805,085 SMEs (0-249 employees) and out of this 772927 have between 0-9 employees. Despite the best intentions of the ERDF, buying organisations who are looking at sourcing suppliers on behalf of the public sector, cannot buy from inexperienced companies with low turnover. Pre-procurement support is recommended to build capacity amongst these smaller SMEs, to enable them to become more experienced and achieve higher turnover thus ensuring they are better placed to take advantage of public sector procurement opportunities. At the same time, support to the public sector to assist them in developing standard procurement policies, applicable across multiple boroughs, which support local SMEs whilst also meeting their own requirements (for example in relation to liability insurance) would be helpful in the future.

### 7.4 Experience of Project Management Team and Delivery Contractors

A strong internal project management team with a background in European Funding has been a key strength of this project. In particular it has ensured that all paperwork received from delivery contractors has been ERDF compliant and eligible. The project management team have kept in close communication with the EPMU/GLA to ensure all forms were compliant and completed correctly and that the correct supporting evidence was provided.

Delivery contractors with a strong knowledge of ERDF and background in business support with a good database of buyers and suppliers have been another key strength of the project. The evidencing paperwork received has been of good quality and where this has not been the case, Cross River Partnership provided feedback to ensure the best quality outputs were obtained.

### 7.5 Buyer Engagement

There was more interest from buyers who had a Corporate Social Responsibility (CSR) or Section 106 agreement to fulfil. It was difficult to engage buyers who did not have these requirements to meet. This resulted in a large number of buyers from the construction sector, which did not correspond to the number of construction sector SMEs that were registered. Whilst this did achieve good outcomes, some buyers were unable to award contracts within the project's SME pool, and so opportunities for even better outcomes were missed. Future projects should take a sectoral focus to ensure consistency between procurement opportunities and potential suppliers, as well as more targeted buyer engagement activity to open up opportunities from more 'hard to reach' procurers.

***Very good understanding with construction buyers – needed local SME's – most of sales come through from these buyers. They supported MTB events well – LA agreements so played a key part in ensuring access to well-motivated buyers***

***Good companies – well motivated entrepreneurs who were prepared to make the most of the programme and develop and grow such as Nu-Electric, Illustrious Homes, Serna – who's turnover has doubled in the last year***

### 7.6 Achievement of Outcomes

The achievement of SMEs with sales in new markets (output LO17) did not meet the target, partly as a result of the sector focus of much of the buyer engagement did not open up opportunities within those new markets. However, it should be noted that those that were achieved yielded high contract values. For example: Hearts of London, a Camden based diamond jewellery merchant won a contract worth £1m with a consumer retail company for design and development of their

jewellery. This was a new market for them since their primary revenue was through selling diamond jewellery and not designing for 3<sup>rd</sup> party corporate clients.

Evidence for the outcome 'new sales generated' (LR12) required that a contract was signed with delivery scheduled within the lifetime of the project. Construction sector norms meant that some SMEs experienced a delay between contracting and delivery to the extent where delivery was not scheduled until after the end of the project. It is important to be able to report this as a successful outcome of the project.

Experience of the construction sector was that the marketplace has changed. It is much more of a suppliers market because the construction market is booming.

## 7.7 Match Funding

There were a number of lessons learnt in relation to match funding throughout this project:

- A clear match funding schedule, identifying levels (and sources) of cash and in-kind match funding should be specified before the start of the project with the match funding partners. This will ensure both realistic levels of match funding are agreed at the start of the project, and provide clarity throughout the lifetime of the project to all personnel involved. This should form part of the Service Level Agreement / Contract between the lead partner and match funding partner.
- Engagement with match funding partners throughout the project to ensure their needs are being met would ensure project match funding is available when needed.
- Reductions in available match funding will reduce the project's operational budget.



## 8.0 Conclusion

The Developing Supply Chains in Central London (SXR2) has made a good contribution to the strength of the central London economy and its workforce. Cross River Partnership was very pleased to deliver the project on behalf of the EPMU/ GLA, and looks forward to delivering additional innovative projects with its public and private sector partners and contractors in the future.

## Appendices

1. Developing Supply Chains in Central London (SXR2) project Handbook.
2. Copy of the specification of the services which details all the activities under each lot
3. Case Studies from 7 SMEs