



**CITY  
OF  
LONDON**

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## LOCAL PROCUREMENT CHARTER FOR CITY DEVELOPERS

## INTRODUCTION

The City of London Corporation is aware that whilst the City houses some of the richest concentrations of businesses in the world, its neighbours include some of the country's poorest communities. The 2007 Index of Deprivation carried out by the Department for Communities and Local Government showed that all the City fringe boroughs<sup>1</sup> fell within the 16 percent most deprived areas in the country. Hackney was the second most deprived area in the UK and Tower Hamlets the third.

Reducing this disparity is a key objective of the City of London Corporation and it sees local procurement as an effective means of stimulating the economies of neighbouring boroughs, promoting small business growth and associated job creation opportunities for the 1.6 million residents. The sourcing of goods and services locally may also help to achieve a more sustainable pattern of land use and reduce the need to travel, leading to reduced road congestion, pollution and carbon emissions.

Through its 'City Procurement Project' the City of London Corporation provides free support to City based business wishing to procure locally. It does this by signposting to local supplier databases, providing 1:1 advice and providing written guidance via its Local Purchasing Toolkit and other resources<sup>2</sup>.

This Charter aims to build on this work by specifically encouraging "City developers" (meaning, for the purposes of this Charter, anyone commissioning or carrying out building work or repairs in the City, regardless of development size or level of procurement spend) to join other City businesses in purchasing from small to medium sized businesses<sup>3</sup> in the City and the surrounding boroughs.

To support developers, the City of London Corporation will provide access to a range of free support and guidance, as referred to above. The City of London Corporation's Planning and Transportation Department and Economic Development Officers will work in partnership with developers and their contractors to assist them in meeting the Charter's specifications. This charter is supported by a Guidance Note<sup>4</sup> which provides practical advice and key contacts.

1 - Tower Hamlets, Hackney, Islington, Camden, Lambeth, Southwark, Westminster

2 - To be found at: [http://www.cityoflondon.gov.uk/Corporation/LGNL\\_Services/Business/Tenders\\_and\\_contracts/Local\\_Procurement\\_for\\_City\\_Businesses/Resources.htm](http://www.cityoflondon.gov.uk/Corporation/LGNL_Services/Business/Tenders_and_contracts/Local_Procurement_for_City_Businesses/Resources.htm)

3 - <250 employees and <50million Euros turnover (£42,137,864.80 at time of writing) and/or an annual balance sheet total not exceeding 43million Euros (£36,353,173.26 at time of writing). In general, most SMEs are **autonomous** since they are either completely independent or have one or more minority partnerships (each less than 25%) with other enterprises. If that holding rises to no more than 50%, the relationship is deemed to be between **partner** enterprises. Above that ceiling, the enterprises are **linked**. Depending on the category in which your supplier fits, they may have to include data from one or more other enterprises when calculating whether they can be defined as an SME.

Further clarification can be found at [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm)

4 - To be found at: [http://www.cityoflondon.gov.uk/Corporation/LGNL\\_Services/Environment\\_and\\_planning/Planning](http://www.cityoflondon.gov.uk/Corporation/LGNL_Services/Environment_and_planning/Planning)

## CHARTER PRINCIPLES

All City developers are invited to commit to the principles outlined in this Local Procurement Charter.

City developers are asked that during the construction of their developments they will follow these principles:

- to identify opportunities for local small to medium sized<sup>3</sup> businesses to bid/tender for the provision of goods and services.
- aim to achieve the procurement of goods and services, relating to the development, from small to medium sized businesses based in the City and the surrounding boroughs<sup>1</sup>, towards a target of 10% of the total procurement spend.

Or when the procurement of goods and services is contracted out:

- Ensure the above 2 principals are met by inserting local procurement clauses in the tender documentation issued to contractors or subcontractors (further information can be found in our 'Guidance note for developers<sup>4</sup>')

## BENEFITS OF LOCAL PROCUREMENT

- A reduction in transport costs and reduced carbon footprint.
- Lower costs over the life-cycle of purchasing.
- Greater innovation and creative solutions.
- A reduction in the risk of delays.
- Better access to suppliers' senior management, due to the size of the suppliers.
- More opportunity for face to face meetings due to the convenient location of suppliers.
- Greater flexibility and reliability of supply of materials to site, from companies with local warehousing.
- Identification of new companies to add to your supply chain.
- Additional economic regeneration within the local areas, as local companies generally employ a higher proportion of local labour.

Further information on the business benefits of Local Procurement can be found in the City of London Corporation's Local Purchasing Toolkit<sup>2</sup>.

*"Mace has a long history of engaging local businesses through its procurement practices. We see the City of London Corporation's local procurement charter as a meaningful way to increase opportunities for local suppliers and, in turn, stimulate local economies and drive community regeneration.*

*We don't see this as a social programme provided by big businesses, or a tool to provide handouts – it makes good business sense. We recognise that local businesses can deliver innovation, responsiveness, flexibility, customer service, specialist skills and services, and ultimately lower costs."*

**Gez Carr**

Mace, Senior Community Regeneration Manager

## LOCAL PROCUREMENT IN PRACTICE

iCam Supply is a joint venture between Islington and Camden councils, geared towards helping local businesses secure work from major development projects. iCam Supply has a database of around 300 pre-screened Camden and Islington based companies, covering some 40 different trades and with annual sales ranging from £400,000 to £800 million. It also liaises closely with contractors and sub-contractors on major developments – introducing them to potential local suppliers and, ultimately, trying to secure work for these businesses.

ISG InteriorExterior, the main contractor for the St Pancras refurbishment, gave iCam Supply its list of subcontractors. One of them, Spie Matthew Hall (formerly Amec Projects), needed some electrical fittings in a hurry and called Edmundson Electrical, an iCam Supply member based just next to the station. Manager Hiren Patel demonstrated the value of being local by delivering the order by 8am the following day. Spie Matthew Hall was so impressed by the speed and flexibility of using a local supplier that it placed all of its subsequent electrical orders through the branch.

Patel said: “The level of service we were able to offer exceeded any supplier from outside the area.”

But it’s not just local companies that benefit – developers, contractors and sub-contractors feel the advantages too. These include reductions in transport and logistical costs and the risk of delays, local warehousing opportunities, easy access to labour, proximity to suppliers and, of course, help towards fulfilling section 106 obligations.

**“We are extremely keen to use local companies and labour wherever possible,” says Argent construction director Tony Giddings. “There are sound economic reasons behind this, but it’s also about putting something back into the local community.”**

## EQUAL OPPORTUNITIES

All City developers that participate in the Local Procurement Charter should demonstrate their commitment to equal opportunities and be determined to ensure that they oppose all forms of unfair and unlawful discrimination. All suppliers should be contracted on the basis of their ability to meet the requirements of the contract.

## CONTACT

To find out more about the City of London Corporation’s local procurement activities please:

**visit:** [http://www.cityoflondon.gov.uk/Corporation/LGNL\\_Services/Business/Tenders\\_and\\_contracts/City\\_Corporations\\_Local\\_Procurement\\_Scheme/](http://www.cityoflondon.gov.uk/Corporation/LGNL_Services/Business/Tenders_and_contracts/City_Corporations_Local_Procurement_Scheme/)

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