

Supplier Adoption and Economic Development (Strand 5)

Case study: Leeds encourages SMEs to join its e-tendering system

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Background

Leeds City Council was awarded Pathfinder status by the Government to develop and implement electronic procurement in 2001. One of the main aims of the project was to promote the use of information communication technology to reduce costs, improve efficiency and simplify the whole procurement process.

A three year strategy to develop eProcurement was produced which addressed the following issues: eTendering; web-enabling the council's approved list database; and introducing other related processes such as online ordering and payments and eAuctions. The eTendering element of the project was piloted in Leeds in October 2001 and became fully functional in January 2002.

The Leeds Electronic Tendering System (known as LETS) was brought into existence as the result of an unlikely-sounding partnership formed between Leeds City Council and the State Government of Western Australia (GoWA). GoWA had successfully developed and operated electronic tendering for a number of years and worked in partnership with Leeds City Council to adapt their system for use in the UK. GoWA offers 24 hour back up support direct to Leeds from Perth.

LETS is a web-based system that enables the publishing of tender information, tender status and award details. It enables the downloading of tender documentation and the subsequent submission of tenders electronically to a secure Leeds City Council tender box.

So far, more than 8000 companies have registered with the Australian-designed system and more than £1.14billion worth of contracts have been tendered through it.

Current situation

As a result of the success of LETS, six other Yorkshire councils, joined the project last Summer and the site was re-named Council Tenders (www.counciltenders.net). Council Tenders is a joint venture by seven local authorities in the Yorkshire and Humber region and is now the central source of information and guidance on tenders for businesses.

Leeds City Council believes that the electronic tendering system is helping councils to develop better relationships with their suppliers because it provides suppliers with the facility to download and submit tender documents on a 24/7 basis. The system provides security – all lodged documents are encrypted using both symmetric and asymmetric cryptosystems applied using the Java Cryptography Extension (JCE 1.2). It provides all suppliers with the additional confidence that defined processes are being followed and that they will be able to see all the opportunities to tender offered by the participating councils.

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For many projects that the councils deal with, some form of pre-qualification process is undertaken to finalise the select list of tenderers. The Council Tenders site enables interested organizations to download pre-qualification questionnaires and once they are completed, they can be submitted electronically in the same way that tender documents can be downloaded and completed bids can be lodged.

“The key message is that the councils are working together to make it easier for businesses to work with us,” says Wayne Baxter, procurement policy and strategy manager for Leeds City Council.

In order to help enrol SMEs in the region, the participating councils have produced a booklet explaining to firms how they can find out about and take advantage of the business opportunities offered by the councils. They are also holding a series of information-sharing seminars across the region to raise awareness of the possibilities of e-procurement and the benefits the electronic procurement system offers.

Obviously some contracts will always be awarded to larger firms but the councils are encouraging SMEs to view the contract awards online so they can potentially offer their services as sub-contractors.

Wayne Baxter adds: “We are now trying to tailor the site so we have better information about SMEs. We want to know how many are local and how many SMEs are using the site so we can monitor the effect of the system is having on them.”

From the point of view of the participating councils, the online system makes tenders easier and more efficient to administer and it saves time. It also reduces the advertising costs traditionally associated with publicizing council tenders.

Future developments

In subsequent years, Leeds City Council and the other participating local authorities in the Yorkshire and Humber region are planning to work towards developing a fully integrated e-procurement system which will include: electronic sourcing, supplier and contract management; a feedback facility for citizens to comment on contractor performance; online catalogues; online bidding and electronic access to an approved list of suppliers.

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