

BABERGH DISTRICT COUNCIL

FROM: Procurement Task Group

REPORT NUMBER E 176

TO: Strategy Committee

DATE OF MEETING 10 November 2005

SIGNATURE OF SMALL BUSINESS FRIENDLY CONCORDAT

1. SUMMARY

- 1.1 All councils are being asked to sign up to the Small Business Concordat. Doing this would be totally consistent with our Procurement Strategy and was recommended in the recent fitness check undertaken by the IDeA

2. RECOMMENDATIONS

- 2.1 That the council signs up to the Small Business Friendly Concordat and the principles set out in Appendix A.

The Committee can resolve this matter.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no resource implications other than staff time in ensuring that we follow the principles of the Concordat.

4. KEY INFORMATION

- 4.1 The National Procurement Strategy (NPS) published by the Government in 2003 contains a range of objectives and targets for councils to adopt to achieve professional, efficient and effective procurement practices. One of the objectives of the Strategy is to stimulate markets and achieve community benefits, which includes the important role of small suppliers in providing goods and services to Local Authorities.
- 4.2 In recognition of this, the Office of the Deputy Prime Minister (ODPM) jointly with the Local Government Association (LGA) and the Department of Trade and Industry (DTI) published the 'Small Business Friendly Concordat' in March 2005 together with good practice guidance. The principles of the Concordat are set out in Appendix A.
- 4.3 The appendix sets out commitments for the council in signing the concordat and we are already doing most of these. There are a few areas where further work is required, for example, in relation to access to contract opportunities and feedback, and these will be actioned by the end of the financial year.
- 4.4 Signing the Concordat will help to meet the NPS objective and achieve one of the milestones in it, which is important in terms of how the council's approach to embedding good procurement practice is measured as part of the assessment of the council's performance – in this case to sign the Concordat by the end of 2005

- 4.5 Doing so will provide a positive message to small suppliers, to other public bodies and partner organisations.
- 4.6 The Concordat is a voluntary, non-statutory code of practice. The ODPM, LGA and DTI are strongly encouraging every Local Authority in England to sign it
- 4.7 The purpose of the Concordat is to set out what small firms and others supplying Local Government can expect when tendering for Local Authority contracts.
- 4.8 It is not intended that smaller suppliers automatically are given a competitive advantage when tendering for local government contracts due to the Concordat, but the Concordat details the steps that all contracting authorities can take to ensure that suppliers of all kinds are treated equally.
- 4.9 The Concordat also sets out the standards that public sector buyers should expect from their suppliers.

5 APPENDICES AND BACKGROUND PAPERS REFERRED TO

5.1 Appendix A – Small Business Friendly Concordat principles

SOURCES OF FURTHER INFORMATION

- a) The National Procurement Strategy for Local Government is available at http://www.odpm.gov.uk/stellent/groups/odpm_control/documents/contentservertemplate/odpm_index.hcst?n=5005&l=3
- b) The small business good practice guidance is available at http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/pdf/odpm_locgov_pdf_035776.pdf

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National Procurement Concordat for Small and Medium-sized Enterprises

A statement of principles to encourage effective trade between local authorities and small businesses.

INTRODUCTION

We are committed to delivering locally the National Procurement Strategy for Local Government. The strategy asks local authorities to adopt a small and medium sized enterprise (SME) friendly procurement concordat and to encourage a mixed range of suppliers in order to help develop and stimulate a varied and competitive marketplace. The concordat sets out the actions that we will take to make their contracts more accessible to SMEs.

Although the principles should relate to all SMEs, the concordat is particularly focused on small businesses of less than 50 employees.

We recognise the important contribution that small and medium-size businesses can make to the delivery of public services and the vital role these businesses play in the national and local economy. We are committed to making the most of the benefits offered by them.

UNDERLYING PRINCIPLES

Contracts are awarded in order to support the Best Value delivery of local government services. We will deliver value for money and take into account the whole life costs in contract decisions; this means considering quality, longer term cost and benefits as well as initial price.

We will make appropriate use of our legal powers including the power to promote the economic, social and environmental well being of our community.

All tender processes and contract awards will comply with EU Public Procurement Directives and the principles of non-discrimination, equal treatment and transparency and our duties under UK law.

Local Authority Commitments:

a) Access to contract opportunities

- We will publish on our website;
 - guidance for suppliers on how to do business with the council;
 - details of forthcoming bidding opportunities, and;
 - contact details for each contract, with appropriate links to any regional site and the national public sector opportunities portal (to be launched Summer 2005).

b) Details of our key suppliers

- We will advertise contracts. We will use a range of publications and other means in order to encourage greater diversity and competition.
- We will give potential suppliers an opportunity to discuss the procurement in order to understand our requirements and assess their own suitability. Nothing will be done, however, which would give a particular business or provider an unfair advantage in competing for a specific contract.

- We will work with prime contractors - both at tender stage and during the life of a contract - to establish the contribution that small firms, ethnic minority businesses, social enterprises and voluntary and community sector suppliers can play in the supply chain. We will provide details of our prime contractors on our website.

c) Fair tender processes

- We will apply our own rules and policies fairly.
- At pre-tender stage and during the tender process we will ensure that all tenderers have equal access to relevant information.
- We will keep the tender process as simple as possible in order to help minimise the costs to suppliers.
- If a pre-qualification stage is used we will use a Council-wide pre-qualification questionnaire containing common core questions with limited bespoke additions for each contract. We will work with regional and national partners to ensure a consistent approach to pre-qualification.
- We will assess potential suppliers against published pre-qualification and tender evaluation criteria. These criteria will be proportionate to the risks of the individual contract process. In particular the criteria relating to financial standing will not be set to unreasonably exclude newer businesses.

d) Feedback

- We will offer meaningful feedback to suppliers following the procurement process in order that suppliers can improve for future tenders.
- We will seek feedback from suppliers, and their respective trade associations, on our tender processes and address where we can any problems that are brought to our attention.
- We will publish a complaints procedure.

e) Contract management

- We will treat suppliers openly and fairly. Suppliers will:
 - be paid on time. No more than 30 days from receipt of an undisputed invoice.
 - receive honest and constructive feedback on the supplier's performance of the contract.
 - be given notice of any performance problems and an opportunity, if appropriate, to put matters right.
- All contracts will require our suppliers to pay their sub-contractors, throughout the supply chain, within 30 days from receipt of an undisputed invoice.

f) Supplier commitments

- As customers we will make clear to our suppliers, and those wishing to do business with us, what is expected of them.

DECLARATION OF SUPPORT FOR THE SMALL BUSINESS FRIENDLY CONCORDAT

The ODPM, the LGA and Small Business Service want to see all local authorities sign up to the Small Business Friendly Concordat. The Concordat is a voluntary, non-statutory document, and your signature will not only demonstrate a pledge to actively engage with small businesses, but it will also show your authority's commitment to good procurement practices in general. This in turn should help foster a professional approach to managing procurement in your authority and, in doing so, help you implement key strategic objectives and milestones in the National Procurement Strategy for Local Government.

Name of your Authority:

Signed by:

Date:

Position in Local authority: