

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Economic Development Overview and Scrutiny Committee

**Date of Committee** 16th March 2006

**Report Title** Procurement Policy - Concordat for Local Business

**Summary** In March 2005 the Office of the Deputy Prime Minister (ODPM) issued the Small Business Friendly Concordat Good Practice Guidance, which gives best practice procurement guidance for both Local Authorities and suppliers. Warwickshire County Council has been working beyond these guidelines for some time, and Members are therefore asked to endorse the Concordat.

**For further information please contact** Leigh Hunt Business Support Officer - ICT  
Tel. 01926 412247  
leighhunt@warwickshire.gov.uk  
Paul White County Procurement Officer  
Tel.01926 736146  
paulwhite@warwickshire.gov.uk

**Would the recommended decision be contrary to the Budget and Policy Framework?** Yes/No

**Background Papers** Small Business Friendly Concordat Good Practice Guidance (ODPM, March).

**CONSULTATION ALREADY UNDERTAKEN:-** *Details to be specified*

- Other Committees  .....
- Local Member(s)  .....  
(With brief comments, if appropriate)
- Other Elected Members  Councillor P Barnes  
Councillor M Jones } for information  
Councillor P Morris-Jones
- Cabinet Member  Councillor C Saint – for information  
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

- Chief Executive  County Procurement Officer
- Legal  I Marriott – comments incorporated
- Finance  .....
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  Chambers of Commerce Business Community.

**FINAL DECISION**                      **YES/NO**      *(If 'No' complete Suggested Next Steps)*

**SUGGESTED NEXT STEPS :**

*Details to be specified*

- Further consideration by this Committee  .....
- To Council  .....
- To Cabinet  For approval in accordance with the decisions reached by Committee.
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

**Economic Development Overview and Scrutiny Committee -  
16th March 2006**

**Procurement Policy - Concordat for Local Business**

**Report of the Strategic Director of  
Environment and Economy**

**Recommendation**

That the Committee endorses this report and recommends the adoption of the Small Business Friendly Concordat Good Practice Guide by Cabinet.

**1. Small Business Friendly Concordat**

- 1.1 The Small Business Friendly Concordat is a voluntary, non-statutory code of practice. The Office of the Deputy Prime Minister (ODPM), the Local Government Association (LGA) and the Small Business Service (SBS) strongly encourage all Local Authorities (in England) to sign up to the Concordat as provided for in the National Procurement Strategy for Local Government (October 2003). A copy of the invitation letter from the ODPM is attached as **Appendix A**.
- 1.2 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. It is not intended that smaller suppliers automatically be given a competitive advantage when tendering for local government contracts due to the Concordat, but there are certainly steps that all contracting authorities can take to ensure that suppliers of all kinds are treated equally. The Concordat also sets out the standards that public sector buyers should expect from their suppliers.
- 1.3 Both the Concordat and the Good Practice Guide represent a commitment from Local Government to encourage and develop appropriate levels of competition in local government markets in order to increase value for money and foster innovation, particularly from those businesses/suppliers who may find it difficult to break into this market and ODPM stresses the important contribution that contracts with local authorities can make to the visibility of local small businesses. These may include local small and medium-sized enterprises (SMEs), which themselves could include ethnic and minority owned businesses (EMBs), women-owned businesses, social enterprises and voluntary and community organisations (VCOs). These are all sectors of the business community that can find themselves under-represented in local Government procurement and are sectors of business that the Council is encouraging to grow.
- 1.4 Over the last two years or so, the Economic Development Group has worked closely with the County Procurement Team, the Chamber and other external

partners to put in place some practical measures to assist local businesses and to help them access contracts with Warwickshire County Council. A principal driver for this was the prospect of the introduction of e-procurement. Earlier studies of the Council's supplier database had shown that the County Council is heavily dependent on Warwickshire-based businesses for the supply of goods and services, and further surveys showed that many of our suppliers had no ICT capacity or little understanding of how to engage electronically. This would mean that if a precipitate move towards e-procurement were to be adopted by the Council then the consequences could be lack of local suppliers on the one hand and a detrimental effect to the local economy on the other.

- 1.5 The Procurement Team and Economic Development Group set up a joint project with the Chamber of Commerce to run a series of events throughout the County to inform SMEs of the opportunities afforded by e-procurement, the drivers and constraints under which the Council works, and how to engage in the process. The events were also used as a vehicle to promote the ICT support and advice given by the Economic Development Group, particularly with regard to effective engagement in the e-agenda and e-commerce.
- 1.6 Alongside this activity the County's website has been enhanced to include information about working with the County Council, how to find information about tenders, policies and procedures and checklists for those wishing to win business from the Council. Over the coming months the level of information will be deepened so that where framework agreements are in place potential suppliers can contact contractors to obtain work as 2nd tier suppliers. See [www.warwickshire.gov.uk/procurement](http://www.warwickshire.gov.uk/procurement).
- 1.7 The aim of the project is to break down barriers between the suppliers and the Council; to enhance the sustainability of Warwickshire businesses (the skills that are being propagated are equally applicable to tendering in the private sector); and to promote efficiencies with the Authority by moving towards a full e-procurement solution.
- 1.8 This work is visionary in that it pre-empted the Small Business Friendly Concordat Good Practice Guide, so that Warwickshire has already put in place systems that in some respects go beyond the recommendations, and has actively engaged with our suppliers to ensure that the Government e-procurement targets are being met whilst minimising any adverse impact on local SMEs.
- 1.9 In November 2005 the council was awarded the West Midlands ICT Cluster Award for Best Public Sector Procurer in recognition of the success of this project.

## **2. Recommendation**

- 2.1 That the panel endorses this report and recommends the adoption of the Small Business Friendly Concordat Good Practice Guide by Cabinet.

JOHN DEEGAN  
Strategic Director of Environment and Economy  
Shire Hall  
Warwick  
10th March 2006

Small Business Friendly Concordat: Good Practice Guidance

## National Procurement Concordat for Small and Medium-sized Enterprises (full text)

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 local authorities 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 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

#### *Procurement strategy*

We will publish a corporate procurement strategy. The strategy will include a commitment to:

- The role procurement plays in delivering the Council's objectives and its contribution to the community strategy, workforce issues, diversity and equality and sustainability.
- How we will encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers.

- A commitment to ensure that our approach to individual contracts, including large contracts and framework agreements etc, is supported by a sound business case and options appraisal.
- A commitment that where we decide that the best value option is to aggregate supply or let a longer term contract or framework agreement we will invite bidders to demonstrate their track record in achieving value for money through effective use of their supply chain.
- *A commitment to consider the role of SME specialist suppliers in delivering elements of larger contracts and framework agreements.*

*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).

*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.

*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.

## Small Business Friendly Concordat: Good Practice Guidance

- 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 to be set to unreasonably exclude newer businesses.

### 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.

### 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.

### 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: \_\_\_\_\_

Thank you for your support.