



# *Small Business Friendly Concordat*

Good Practice Guidance



people  
innovation  
potential  
saving money  
e-commerce  
leadership  
sustainability  
using multiple skills  
increasing capacity  
improving services  
stimulating markets and achieving community benefits  
cost reduction  
recruitment benefits of being an innovative council  
better quality of life  
focusing on excellent services for citizens  
working in expert partnerships  
growth through trading on behalf of others  
meeting customer requirements  
building relationships that improve our service

**Small Business (SME)  
Friendly Concordat:  
Good Practice Guidance**

March 2005

Local Government Association

Department of Trade and Industry

Office of the Deputy Prime Minister: London

# 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.

- 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 (SME)**

**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 the key strategic objectives and milestones in the National Procurement Strategy for Local Government.

Name of your Authority: **PORTSMOUTH CITY COUNCIL**

Signed by:  Date: 26/1/06

**Councillor Gerald Vernon-Jackson, Leader of the Council**

Signed by:  Date: 30/1/2006

**Councillor Mike Hancock CBE MP, Executive Member for Planning, Regeneration and Economic Development.**

Signed by:  Date: 30/1/06

**Barbara Thompson, Strategic Director for Economy Culture & Community Safety.**

Signed by:  Date: 30-1-2006

**David Pointon, Head of Procurement.**

Thank you for your support.