

Report by the Executive Office Manager

National Procurement Strategy - Small Business Friendly Concordat

1.0 Summary

- 1.1 This report outlines the purpose of the Small Business Friendly Concordat and the implications for Adur District Council in signing this document.

2.0 Recommendation

- 2.1 Members are asked to agree to the signing of the Concordat by the Leader of the Council and the Chief Executive to demonstrate this Council's commitment to the process.

3.0 Background

- 3.1 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 the Council's signature will not only demonstrate a pledge to actively engage with small businesses, but it will contribute to the delivery of the Council's overarching ambition to drive up the economic performance of the Council. It will show the Council's commitment to good procurement practices and professional procurement in general. It will also assist us in meeting a key milestone in the National Procurement Strategy for Local Government.

4.0 Proposals

- 4.1 We are already working with all other councils in East and West Sussex on procurement. This includes sharing knowledge and skills across the area, benefiting from the use of each others contracts this saving time and duplication of effort and helping each other meet the requirements of the National Procurement Strategy.
- 4.2 We are also working with the other councils to co-ordinate an effective response to the Concordat.
- 4.3 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.

- 4.4 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.
- 4.5 This report is supported by the following documents:
- a) summary SME's Concordat document for signature by the Council – Annex A
 - b) summary of where the Council is against the requirements of the Concordat as at January 2007– Annex B
- 4.6 There are no direct costs or resource implications for this authority in signing the Concordat.

Local Government Act 1972

Background Papers:

National Procurement Strategy for Local Government 2004

ODPM National Procurement Concordat for Small Medium- sized Enterprises

ODPM Small Business Friendly Concordat – Good Practice Guide 2005

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Appendix

1.0 Council Priority

- 1.1 The Concordat itself refers to all future procurement opportunities and can therefore be seen to span each of the Council's five priorities but specifically protecting and enhancing core services, revitalise Adur, keeping Council Tax low and working in partnership.

2.0 Specific Targets

- 2.1 The signing of this Concordat is a voluntary requirement of the National Procurement Strategy for Local Government 2004.

3.0 Sustainability Issues

- 3.1 Matters considered. Any issues identified will be dealt with individually as part of any future procurement activity.

4.0 Equality Issues

- 4.1 The purpose of this Concordat is to give small businesses equal access and opportunities to work with the Council

5.0 Community Safety issues (Section 17)

- 5.1 Matters considered and no separate issues identified

6.0 Human Rights Issues

- 6.1 Matters considered and no separate issues identified

7.0 Financial Implications

- 7.1 There are no direct costs associated with the signing of this Concordat.

8.0 Legal Implications

- 8.1 See contents of report and specific targets above.

9.0 Consultations

- 9.1 A copy of the report, concordat and action plan have been circulated to all Divisional Managers and the Economic Development Officer for comment.

10.0 Risk assessment

- 10.1 Whilst the signing of this Concordat is voluntary, it would not be viewed very favourably by external inspectors, small and medium sized businesses or the Sussex Enterprise if the Council were not willing to make this commitment.

11.0 Health & Safety Issues

11.1 Matters considered and no separate issues identified

12.0 Procurement Strategy

12.1 This is a voluntary requirement of all Councils as referred to in the National Procurement Strategy for Local Government 2004

13.0 Partnership working

13.1 This will enhance the Council's commitment to working with small and medium sized businesses in the future.

Department of Communities and Local Government (Former Office of the Deputy Prime Minister - ODPM)- 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 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, so far as is reasonably practicable, invite bidders to demonstrate their track record in achieving value for money through effective use of their supply chain.
- A commitment, so far as is reasonably practicable, 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.

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.
- So far as is reasonably practicable for any new contracts, 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 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, so far as is reasonably practical, or as outlined within individual Contract documentation.
- 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.
- So far as is reasonably practicable, any new contracts will require our suppliers to pay their sub-contractors, throughout the supply chain, within 30 days from receipt of an undisputed invoice so far as is reasonably practical.

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 Department of Communities and Local Government (DCLG), the LGA, and the Small Business Service want to see all local authorities sign up to the Small Business Friendly Concordat. All Sussex Councils are working jointly with Sussex Enterprise to achieve this outcome. The Concordat is a voluntary, non statutory document, and our signatures will not only demonstrate a pledge to actively engage with small businesses, but will also show our commitment to good procurement practices in general. This in turn should help foster a professional approach to managing procurement in the Council and, in doing so, help to implement key strategic objectives and milestones in the National Procurement Strategy for Local Government.

For Adur District Council

Signed by:

Position: Leader of the Council

Date: xx January 2007

Signed by :

Position : Chief Executive

Date : xxxx January 2007

ADC progress towards Small Business Friendly Concordat requirements (as at Dec 2006)

Annex B

Target 1: The role procurement plays in delivering the Council's objectives and its contribution to the community strategy, workforce issues, diversity and equality and sustainability.

Council	Met	Further action required	Events
Adur District Council	Met	Progress on-going	

Target 2: How we will encourage a diverse and competitive supply market including small firms, social enterprise, ethnic minority businesses and voluntary and community sector suppliers.

Council	Met	Further action required	Events
Adur District Council	Met	Procurement Strategy. Apply Procurement Rules	

Target 3: A commitment to ensure that our approach to individual contracts including large contracts and framework agreements, is supported by a sound business case and options appraisal.

Council	Met	Further action required	Events
Adur District Council	Met	Dictated by Corporate Constitution rules, with business cases proven by accredited Prince 2lite methodology	

Target 4: A commitment where we decide that the best option is to aggregate supply; we will invite bidders to demonstrate their track record in achieving value for money through effective use of the supply chain.

Council	Met	Further action required	Events
Adur District Council	In place	Recent contracts have included supply chain comparisons from contractors to share, or offer alternatives for consideration. Ongoing development.	

Target 5: A commitment to consider the role of SME specialist suppliers in delivering elements of larger contracts and framework agreements.

Council	Met	Further action required	Events
Adur District Council	Partly met	None of our Contracts exclude SME's and are therefore considered equally with all other suppliers in any Contract situation (either as sub contractor or main contractor for smaller value works)	

Target 6: Access to contract opportunities, We will publish on our website: Guidance for suppliers on how to do business with the Council.

Council	Met	Further action required	Events
Adur District Council	Met		

Target 7: Details of forthcoming bidding opportunities.

Council	Met	Further action required	Events
Adur District Council	Met	List of current Contracts on our web site. Periodically updated. Not widely used	

Target 8: Contact details for each contract, with appropriate links to any regional site and the national public sector opportunities portal.

Council	Met	Further action required	Events
Adur District Council	Partly met	Contact details for each Contract are on web site. The web pages themselves are linked to other useful links but not specifically the national public sector opportunities portal.	

Target 9: We will advertise contracts and use a range of publications and other means in order to encourage greater diversity and competition.

Council	Met	Further action required	Events
Adur District Council	Met	As required by Constitution rules	

Target 10: We will give potential suppliers an opportunity to discuss procurement in order to understand our requirements and assess their own sustainability. Nothing however, that would provide a particular business with an unfair advantage in competing for a specific contract.

Council	Met	Further action required	Events
Adur District Council	Met	Sources of procurement form part of the Constitution, working Contract procedures and open discussion where appropriate	

Target 11: We will work with prime contractors, both at the tender stage and during the 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. Will provide details of our prime contracts on our website.

Council	Met	Further action required	Events
Adur District Council	Met	Prime contractors obligated to consider the above at tender stage & during the contract. Occasionally small firms etc may be directly nominated for consideration.	

Target 12: Fair tender process: We will apply our own rules fairly.

Council	Met	Further action required	Events
Adur District Council	Met		

Target 13: Commitment: At pre tender stage and during the tender process we will ensure that all tenderers have equal access to relevant information.

Council	Met	Further action required	Events
Adur District Council	Met		

Target 14: We will keep the tender process as simple as possible in order to help minimise the costs to suppliers.

Council	Met	Further action required	Events
Adur District Council	Met		

Target 15: If a pre qualification stage is used we will use a council wide pre qualification questionnaire containing common core questions with limited additions for each contract. We will work with regional and national partners to ensure a consistent approach to pre qualification.

Council	Met	Further action required	Events
Adur District Council	Met	Constitution, Contract terms & procedures, OJEU guidance applied. Use of 'Construction line' to be considered towards end of operation of current select list system (2008)	

Target 16: We will assess potential suppliers against published pre qualification criteria 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 to exclude newer business.

Council	Met	Further action required	Events
Adur District Council	Met	By way of Constitution, internal procedures and select list criteria	

Target 17: We will offer meaningful feedback to suppliers, following the procurement process in order that suppliers can improve for future tenders.

Council	Met	Further action required	Events
Adur District Council	Currently offered	e.g. Satisfaction surveys, KPI information & general assessment details made available	

Target 18: we will seek feedback from suppliers, and their respective trade associations, on our tender process and address any problems that are brought to our attention.

Council	Met	Further action required	Events
Adur District Council	Partly met	Feedback occurring naturally via day to day supplier communication & as required by Contract obligations	

Target 19: We will publish a complaints procedure.

Council	Met	Further action required	Events
Adur District Council	Met	Corporate complaints procedure, and those incorporated in Contract documents & agreements	

Target 20: 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.

Council	Met	Further action required	Events
Adur District Council	Met	As required by statute or as defined in individual Contract documentation. ADC is currently paying 96% of its creditors within 30 days. This will improve with recent introduction of new financial management system	

Target 21: Receive honest and constructive feedback on the suppliers performance of the contract.

Council	Met	Further action required	Events
Adur District Council	Met	Satisfaction surveys, KPI's, regular meetings / Contract procedures, day to day contact as appropriate.	

Target 22: Be given notice of any performance problems and an opportunity if appropriate to put matters right.

Council	Met	Further action required	Events
Adur District Council	Met	Feedback via surveys, KPI's etc & occurring naturally via day to day Contract communication & as required by Contract obligations.	

Target 23: All contracts will require our suppliers to pay their sub contractors, throughout the supply chain within 30 days of undisputed invoice.

Council	Met	Further action required	Events
Adur District Council	Request only	Cannot be enforced, but to be requested/ mentioned in future Contract documentation.	

Target 24: As customers we will make clear to our suppliers and those wishing to do business with us what is expected of them.

Council	Met	Further action required	Events
Adur District Council	Met	As required by Contract agreements, and agreed working arrangements during communication & discussion	