



small
business
service



Office of the
Deputy Prime Minister

Creating sustainable communities

Appendix 11

All Local Authority Chief Executives

Sue Reid
Manager
Modernisation and Efficiency Division
Zone 3/H6
Eland House
Bressenden Place
London SW1E 5DU
Direct Line: 020 7944 8760
Fax: 020 7944 4994
GTN No: 3533 8760
e-mail: sue.reid@odpm.gsi.gov.uk

Web Site: www.odpm.gov.uk

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Dear Chief Executive

SMALL BUSINESS CONCORDAT: GOOD PRACTICE GUIDE FOR LOCAL AUTHORITIES

You will recall that ODPM, Local Government Association (LGA) and the Small Business Service (SBS) launched the above publication earlier this year. Electronic PDF versions of the *Small Business Concordat: Good Practice Guide*, together with a recent *Addendum*, are attached in the covering email.

This letter is:

- to encourage local authorities to take action to adopt the *Concordat*, and provide us with feedback on progress, and,
- to remind you of the *Supplier Route to Government Project*.

Small Business Concordat

As you know from the letter of 8 March 2005 issued by ODPM, the *Concordat* is a voluntary, non-statutory code of practice that sets out the actions that local authorities should take to make their contracts more accessible to Small and Medium Sized Enterprises (SMEs).

The *National Procurement Strategy ("NPS") for Local Government* (ODPM/ LGA, October 2003) sets out a specific milestone for all local authorities to have adopted the *Concordat* by the end of 2005. The purpose of the *Concordat* is to facilitate effective trade between local authorities and SMEs. Clearly, building the supplier base is very important, both for improving the quality of services locally and for leveraging the types of savings identified in the Efficiency Review.

Local authorities signing the *Concordat* pledge a range of commitments, which include providing better access to contract opportunities. One way this could be achieved is through publishing guidance on your Council's Website setting out how to do business with the authority, ensuring your authority's tender processes are fair and accessible to all, and offering meaningful feedback to suppliers. The *Concordat* is supported by a

Good Practice Guide that explains how local authorities can frame and deliver their procurement strategies in accordance with the principles of the Concordat. The Guide also provides examples of where local authorities are already conducting successful and cost-effective procurement with SMEs.

Further evidence of the benefits of using SMEs has been seen in the recently published SBS commissioned report "A Study of the Benefits of Public Sector Procurement from Small Businesses". A brief summary of the report is at the **Annex**.

Feedback

We would therefore encourage you to recognise the importance of meeting the NPS milestone. I hope you will feel able sign up in the near future if you have not already done so. It would be helpful if you could:

- a) Let us know if you have already signed up to the Concordat,
- b) Let us know when you expect to do so or any obstacles which prevent you from signing,
- c) Give us any other feedback on the Concordat and how it has worked out in practice,
- d) Publicise on your 'selling to the council' website that you have signed up to the Concordat.

I would be grateful if you provide some feedback on each of these points. Please could you reply to Rachel Mallaband, Small Business Service:

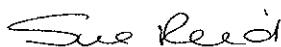
e-mail: rachel.mallaband@sbs.gsi.gov.uk

by 30 November 2005.

Supplier Route to Government Project

May we also take this opportunity to remind you of the work underway on the *Supplier Route to Government Project*. By end of 2005 the Small Business Service and the Office of Government Commerce hope to launch a web portal which will provide a mechanism for capturing government contract opportunities, a matching service to enable government Buyers to select potential Suppliers and a web-enabled view to government contract opportunity information. SMEs will be able to browse and search for appropriate opportunities, register for email alerts when appropriate opportunities are posted and to create pre-registration and pre-qualification profile(s), which can then be used as input to the procurement process. The purpose of the *Concordat* is mirrored in this portal, so we would encourage you to use it, and to promote its' importance with SMEs in your area.

Best wishes,



Sue Reid



Martin Wyn Griffith
Chief Executive, Small Business Service

ANNEX

A STUDY OF THE BENEFITS OF PUBLIC SECTOR PROCUREMENT FROM SMALL BUSINESSES

Summary

Further evidence of the benefits of using SMEs has been seen in the recently published SBS commissioned report "*A Study of the Benefits of Public Sector Procurement from Small Businesses*"

The Report, compiled by Nera Economic Consulting, was undertaken to provide firm evidence for the claims made about the benefits of procurement from small businesses. In compiling the report the statistical data and literature available on the role of SMEs in the economy as a whole was reviewed and the extent to which they currently supply central and local government investigated.

This work also produced a number of case studies of successful procurement from small businesses. The evidence supported the previously assumed benefits that the public sector can gain from better levels of service, innovative solutions and increased competitiveness in the longer term and that in return small businesses can gain by having greater access to a large and stable market.