

## **SMALL BUSINESS FRIENDLY CONCORDAT**

**EXECUTIVE MEMBER:** Cllr Cath Giel  
**LEAD OFFICER:** Mike Tichford  
**REPORT AUTHOR:** Graham McWilliam

**Summary:** The Small Business Friendly Concordat is part of the ODPM 5 Year Plan which states how Government, working with local authorities, will help improve their quality of life and create communities they feel proud of.

<b>Recommendation:</b>	It is recommended that Members agree to sign up to the Small Business Friendly Concordat.
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**Impact on delivering the Corporate Plan:** By adopting the Concordat, the Council will help to further its objective of encouraging the development of small businesses.

**Impact on other statutory objectives (e.g. crime & disorder, LA21):** None.

**Financial and human resource implications:** There are no direct financial or human resource implications arising from the report.

**Project & Risk Management:** None.

### **Key Decision Status**

- **Financial:** N/A  
- **Ward:** N/A

**Other Ward Implications:** The Council's adoption of the Concordat could benefit businesses in all Wards within the borough.

## **1. INTRODUCTION**

- 1.1 The Small Business Friendly Concordat (SBFC) 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) have strongly encouraged all local authorities in England to sign up to the Concordat. The National Procurement Strategy of Local Government (October 2003) set a target for all local authorities to have adopted the Concordat within 3 years.
- 1.2 The purpose of the Concordat is to communicate to small firms, and others supplying local government, what they can expect when tendering for local authority contracts. There is no intention that a smaller supplier would be given a competitive advantage when tendering for local government work due to the Concordat. However, it encourages contracting authorities to take steps to ensure that all suppliers are treated equally.

- 1.3 It sets out the standards that public sector buyers should expect from their suppliers. It is, therefore, a two-way process.
- 1.4 The Concordat and good practice guide will represent a commitment from the Council to encourage and develop appropriate levels of competition in markets, thus increase value for money and foster innovation, particularly from those businesses who may find it difficult to break into this market. These include small and medium-sized enterprises (SMEs) which, themselves, could include local businesses, social enterprises and voluntary and community organisations. The Government has indicated that these are sectors of the business community that can find themselves under-represented in local government procurement.

## **2. ARGUMENT**

- 2.1 SMEs are often local businesses and members of the local community. It is argued that any assistance which can be given will also bring benefits to the local community.
- 2.2 Another argument for encouraging SMEs to tender is that they are generally locally owned and often employ people from a smaller catchment area than larger competitors. Local authorities are required not to ignore the benefits offered by small firms who trade on a wider national or regional basis and must ensure that their policies are consistent with the European Union (i.e. that there is also no discrimination against larger firms).
- 2.3 The Government also argues that small firms can offer benefits to local authority clients, some of which are:
  - They can often respond quickly and flexibly to customer needs
  - They can be a source of innovation, ideas and products
  - They can offer cash savings, improve quality, service and effectiveness
  - They are close at hand
  - Some, like social enterprises and voluntary and community organisations, may have better access to hard to reach customer groups
  - They attach more importance to doing business with the local authority
- 2.4 It is also argued that small businesses can gain benefits from working with local authorities, some of which are:
  - Local authorities are viewed as good and timely payers
  - They are transparent and treat suppliers fairly
  - Doing business with local authorities adds credibility and can make it easier to win business with other public and private sector clients.

## **3. OPTIONS TO BE CONSIDERED**

- 3.1 The Concordat is consistent with the delivery of Best Value under the Local Government Act 2000 and European Union and United Kingdom Procurement Regulations.
- 3.2 The duty of Best Value requires authorities to make arrangements to secure continuous improvement in the way in which they exercise their functions.

- 3.3 Should Members agree to sign up to the Concordat, the Council's compliance with it will be incorporated in the Procurement Strategy and Procurement Guidance.
- 3.4 Through the Cumbria Procurement Initiative the Council is looking at ways in which local suppliers can register for work with the Council, and to also provide them with ways of entering regional and national market places, quoting and tendering elsewhere. Analysis of historical Council purchasing has also been undertaken to identify spend levels not just across Copeland but the Cumbria region, this enables a view to be taken on SME dependency on single or multiple Councils for work and volumes of expenditure enabling local authorities to understand more about purchasing patterns.

#### **4 CONCLUSIONS**

- 4.1 The Council will be seen to be acting in a fair and reasonable manner if it signs up to the SBFC. It will be also seen to be encouraging SMEs to do business with it.
- 4.2 If the Council does sign up to the SBFC it will encourage SMEs to tender for contracts when these become available.

#### **List of Appendices**

Appendix A – ODPM Letter

Appendix B – Good Practice Guide Addendum (Full copy in Members Room)

#### **List of Background Documents:**

Letter dated 8<sup>th</sup> March 2005 from ODPM headed 'Small Business Concordat Good Practice Guide for Local Authorities', additional e-mail correspondence to Head of Regeneration in February 2006.  
The Local Government Act 2000.  
European Union procurement directives.

#### **List of Consultees:**

Corporate Team, Chris Lloyd