

Small Business Concordat

1. Purpose of the Report

- 1.1 To provide information to the Executive to enable a decision to be made on signing the Government initiative on the support for small local businesses.

2. Recommendation

- 2.1 **That the Council fully recognises the primacy of a buoyant local economy and commits to signing the Small Business Concordat and to the implementation of strategies to make the policy of small business support a principal goal in its corporate plan.**

3. Links to the Corporate Plan

- 3.1 The Council's firm policy is to encourage and foster the development of the local economy as part of the commitment to the promotion of the social, economic and welfare interests of the local community.

4. Background

- 4.1 The Government has launched a "Small Business Concordat: Good Practice for Local Authorities" and has invited local councils to join in the initiative by signing up authorities to adopt the Concordat and to report regularly to the Office of the Deputy Prime Minister (ODPM) on progress being made.
- 4.2 This proposal fits in very well with the Council's current policies for supporting small businesses and the local economy. It has long been recognised that the encouragement of the SME (small and medium sized enterprises) sector is a key factor in the promotion of the local economy. SMEs can grow very quickly in the right conditions, are more likely to innovate than large companies and form up to 55.6% of employment in a geographical area and 52.0% of national turnover in the commercial sector. SMEs account numerically for 99.8% of all businesses.
- 4.3 The Council's Economic Regeneration Strategy recognises that small businesses require support and direction at all stages of their development and it is important that they are encouraged to develop in a sustainable manner. This includes encouragement to buy, supply and use services locally wherever possible.
- 4.4 The District Council also works closely with local businesses through the Wessex Association of Chambers of Commerce and produces a product and services directory listing businesses in North Wiltshire as well as community area directories of businesses that deal in locally produced goods. Contacts can be used to advise of the business opportunities offered by the Council through the Concordat.
- 4.5 The Concordat is, in part, a recognition of the major changes that have taken place in the procurement processes of local authorities since the advent of the National Procurement Strategy. The drive for improved procurement has tended to push shared contracts into large framework agreements as Councils strive for purchasing economies of scale. This type of endeavour tends to favour the larger companies, so the Government is anxious to redress any possible imbalance and has proposed a series of measures to give SMEs access to the public sector procurement spend of £31 Billion per year.

- 4.6 The principles of the national procurement strategy are already enshrined in the Council's own procurement strategy. This gives an opportunity to explore, in the procurement process, opportunities to contribute to the community strategy, the ability to encourage social enterprises, ethnic and minority businesses, voluntary and community enterprises, as well as small commercial businesses.

5. The Concordat

5.1 Principal Points and Aims

- (i) The Concordat is a voluntary, non-statutory code of practice.
- (ii) It sets out how small firms can access local authority contracts.
- (iii) Local firms can respond quickly and flexibly to customer needs.
- (iv) Local firms can be a source of innovation, ideas and products.
- (v) They can often offer cash savings, improved quality, service and effectiveness.
- (vi) They are close at hand and communication and transport is easier.
- (vii) Local social enterprises such as voluntary, community and ethnic groups can offer access to "hard to reach" groups.
- (viii) Doing business with a local authority can enhance the credibility and self-esteem of small enterprises.

6. Local Authority Commitment

6.1 The Concordat asks local authorities to do the following:-

- (i) Publish the Council's procurement strategy to include a commitment to:
- (ii) The role procurement plays in delivering the Council's objectives and its contribution to the Community Strategy, workforce issues, diversity and equality and sustainability.
- (iii) Consider how the Council will encourage a diverse and competitive supply market including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers.
- (iv) Enter into 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.
- (v) Commit the Council to a situation where the best value option is to aggregate supply or let a longer term contract or framework agreement, that bidders will be asked to demonstrate their track record in achieving value for money through effective use of their supply chain management.
- (vi) To commit to the consideration of SME specialist suppliers in delivering elements of larger contracts and framework agreements.

7. The EEC Procurement Directive

- 7.1 As part of the new EEC directive on procurement that came into force this year, local authorities may specify community and sustainability conditions within contracts. This means that for example, major building contracts may specify for part of the work to be done by local firms or specify that local stone may be used. Specifications can be drawn up which forbid transport arrangements which are unsustainable. The Council may opt to give a contract to a social enterprise or persuade other public bodies to accept our pre-application vetting as a means of allowing local firms to bid for other Councils without going through a similar bureaucratic vetting procedure.

8. Financial Implications

8.1 There are no financial implications.

9. Equalities and Diversity Implications

9.1 The Concordat makes an important commitment to equalities and diversity by making it easier to use procurement and support for the local economy through the engagement of ethnic, community and voluntary social enterprises and rural businesses.

10. Human Resource Implications

10.1 There are no human resource implications.

11. Community and Environmental Implications

11.1 The Small Business Concordat fits in very well with the Council's aims and objectives in this area. The greater use of local SMEs not only contributes to the vibrancy of the local economy but also enhances the sustainability agenda. The potential benefits to the local community are to be welcomed.

12. Summary and Conclusion

12.1 The Small Firms Concordat suggested by the Government fits well with the Council's existing policies. Support for the local economy, a commitment to the local community, the social enterprise culture, buying responsibly in a sustainable manner, are all cornerstones of the long term corporate objectives. If the Executive approves the report, the existing Procurement Strategy will be updated and through the normal contacts, partners representing the small business sector will be invited to continue the means by which the local economy can be supported.

Papers Used in the Preparation of this Report:

- ODPM Paper 2005 - Small Business Unit

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