

Aberdeen  
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SMEs

White Paper Procurement Conference,  
Belfast

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*10 May 2016*

## SMEs

- How can you reduce the burden on SMEs and encourage SME involvement without breaking the rules, for instance specifying exact financial criteria thresholds within a PQQ or Capability Assessment?

## Competing objectives

- Trend towards larger and longer term contracts
- Rationalising the number of suppliers
- Reduced procurement and contract management costs
- Better value?
- Single point of contact when issues arise
- Closer working relationship

## SMEs - benefits

- Competition
- Lowering costs
- Innovation
- Responsiveness
- Flexibility
- Quality of service
- Specialism
- Local

## SMEs – barriers

- Awareness of opportunities
- Cost and complexity of bidding
- Contracts too large
- Meeting the minimum requirements
- Public sector's perception of risk of dealing with SMEs
- Feedback from unsuccessful tender submissions

## SMEs – overcoming barriers

- Research market to understand the players and their capabilities
- Meet the buyer events
- Use of eTendersNI for contracts above £30k
- Encouragement of main contractors to advertise sub-contract opportunities
- Follow guidance re low value contracts
- Prompt payment of undisputed invoices

## SMEs – reduction in timeframes

- New procurement directives have shorter timeframes
- Tender documents to be available from publication of contract notice
- Question whether this benefits SMEs or larger enterprises with more resources to apply to preparing the tender?

## SMEs – open procedure

- Trend towards open procedure
- Results in requirement to complete ESPD and tender response at the same time
- Unknown number of other tenderers compared with position under restricted procedure
- Motivation of SME to complete and submit tender return

## SMEs – award criteria

- Question whether reference to lifecycle costs, environmental and social aspects will benefit SMEs?
- Resource intensive – easier for larger enterprises to respond?
- Focus on value for money rather than price.

## SMEs - lots

- Splitting larger contracts into lots
- Duty to indicate main reasons for not splitting a contract
- Contracting authority can:
  - Determine the size and number of lots and what is covered by each lot
  - Whether bidders can bid for only one, several or all lots
  - Specify rules for determining how lots are allocated

## SMEs - lots

- Smaller lots of more interest to SMEs
- Can assist in developing the capabilities of SME suppliers
- Can spread risk
- However:
  - Risk to proper execution of contracts
  - Additional management and co-ordination burden
  - Additional costs

## SMEs – minimum requirements

- Minimum turnover cap – twice estimated value of the contract, except in duly justified cases

but

- Can take into account information within accounts such as minimum ratio of assets v. liabilities
- Method of assessing ratio must be transparent, objective and non-discriminatory

## SMEs – self-certification

- European Single Procurement Document
- Contracting authorities must accept at time of requesting to participate or tender instead of verification documentation
- Self-declarations
  - Does not meet any of the exclusion criteria
  - Meets the selection criteria (financial and technical)
  - Fulfils the objective rules and criteria to reduce the number of candidates

## SMEs - ESPD

- Can require tenderer to submit verification documentation at any moment during the procedure where this is necessary to ensure the proper conduct of the procedure

## SMEs – ESPD

- In open procedures, a contracting authority may decide to examine tenders before verifying absence of exclusion criteria and fulfilment of selection criteria
- Intended to reduce the burden on SMEs
- ESPD can be reused by tenderer subject to confirmation that it remains correct
- Simpler?

## SMEs - summary

- Engagement and access to information
- Setting proportionate minimum criteria
- Use of ESPD with verification only by the winner
- Sufficient time to prepare tenders
- Avoid creating barriers through award criteria
- Use of lots
- Prompt payment