

SMEs

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White Paper, 20 May 2016

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- 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?

- In the next 20 minutes
 - Why promote SME activity?
 - The legal framework
 - Turnover tests
 - Aggregation/discreet operational units
 - Lotting
 - Practical ideas to incorporate

- EU says SMEs as entities up to 250 employees (*EC 2003/361/EC(39)*)
- 91% of EU businesses are SMEs
- 56% of procured contracts won (2013/14)
- Europe 2020 sustainable growth
- Benefits of awarding to SMEs
 - Greater competition/innovation
 - Lower cost base
 - Indirect benefit to local economy

- Directive 2014/24/EC
 - Recital 78 – “*procurement adapted to the needs of SMEs*”
 - Recital 124 “*...potential of SMEs for job creation .. and growth..*”
 - Range of measures in Regulations
 - Aims to enhance participation not discriminate in favour of SMEs
- EU Communications/OECD guidance
- National guidance – some statutory

- Turnover tests (regulation 58(7))
 - “**May** require” evidence of twice contract value
 - For lots, threshold can be for all lots could win (58(12))
 - For frameworks, threshold must be for all possible spend in one area run at same time (58(13))

- Aggregation/discreet operational units (regulation 6)
 - Requirement to total up all spend (6(1))
 - Discreet operational units – take into account individual spend (6(4))
 - Lots – add up all lots' value
 - Small lots - can directly award lots up to 80,000 euro for supplies/ services/1 million euro works if not more than 20% of aggregate value of all lots (6(15))

- Lotting (regulation 46)
 - “May” divide into lots and assess size and subject matter (46(1))
 - Can limit lots that can be awarded to one bidder if clear (46(4))
 - State “objective and non-discriminatory criteria or rules” (46(5))
 - Can combine lots awarded to same bidder (46(6))

- Pre market
 - Bidder/know the authority days
 - No PQQ – use open or light touch procedures
 - Design contests
 - Use lots, reduce size of each, use small lots
 - Sub contractors create tier 2 opportunities
 - “***may*** ask the tenderer to indicate any share of contract that it intends to subcontract and any proposed subcontractors”
(71(1))

- During procurement
 - European Single Procurement Document (“ESPD”)
 - Evaluation criteria to encourage SMEs
 - Linked to subject matter of contract
 - Public Services Social Value Act
 - Don’t include tests if not needed

- Lots of options to bolster SME participation
- Policy aims clear but is it working in practice?
- Think about
 - **P**lanning
 - **P**rocess
 - **P**articipation
- Still much more than can be done

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