

## **Government Makes It Easier for Small Businesses to Tender for Public Sector Contracts**

New public procurement guidelines that make it easier for small businesses to bid for work across the entire public sector were announced today [17 April 2014] by Brian Hayes, T.D., Minister of State with special responsibility for Public Service Reform and the Office of Public Works.

Building on the range of supports that the Government has already put in place to encourage small and medium enterprises (SMEs) to bid for public contracts, and recognising good practice across the public sector, the new guidelines will make public procurement more accessible by SMEs.

The new guidelines promote the setting of relevant and proportionate financial capacity, turnover and insurance levels for tendering firms and the sub-dividing larger contracts into lots, where possible, to enable SMEs to bid for these opportunities. The guidelines also encourage SMEs to form consortia where they are not of sufficient scale to tender in their own right and to register on [www.etenders.gov.ie](http://www.etenders.gov.ie) to ensure maximum exposure to tendering opportunities.

Speaking at the launch, Minister of State Hayes said, “The reform of public procurement is a key element of the public sector reform programme. Our goal is to ensure that it gets easier for businesses to engage with public procurement while at the same time driving improved value for money for the taxpayer. The new Office of Government Procurement is commencing its operations this year and is key to bringing a more professional and whole of government approach to procurement.”

Minister of State Hayes added, “Government wants to see Irish business be competitive and win business both here and abroad. Businesses who are successful in winning public contracts often win repeat business and given the consistent nature of public procurement processes, are often well placed to win public business abroad. The Office of Government Procurement is working with industry representatives and the Department of Jobs, Enterprise and Innovation to improve supplier education through initiatives such as Meet the Buyer events which have been running since 2010 and the very popular Go 2 Tender programme, to standardise and simplify the processes for suppliers, and to reduce impediments and unnecessary bureaucracy in procurement.”

Welcoming today’s announcement the Minister for Public Expenditure and Reform, Mr Brendan Howlin T.D. said, “The public sector has massive purchasing power, spending in the region of €8.5bn each year on goods and services, in addition to expenditure on public works. Tax-payers demand that Government secures value for money in all of its spend - but in a way that also recognises the importance of SMEs to our economy. The measures announced today will further improve small businesses’ access to the public sector market by making government procurement more SME-friendly, reflecting not only the vital importance of SMEs to our economic recovery but also the significant value these suppliers are delivering to all parts of the public sector.”

The new guidelines have also been welcomed by the Minister for Jobs, Enterprise and Innovation, Richard Bruton TD who said: “Procurement is a huge opportunity for Irish business. Over €8billion is spent by the Government every year on goods and services provided by business – it is difficult to overstate the benefits that would accrue to Irish business of making it easier for them to win more of these contracts. As part of the Action Plan for Jobs we have been working hard with Minister Hayes, Minister Howlin and their Departments to deliver changes that can make a difference for Irish business in this area. Today’s announcement marks real progress on this road – I and my Department will continue to engage with the Office of Government Procurement to deliver further improvements to make a real difference for hard-pressed Irish businesses”.

ENDS

## **Notes to Editor:**

In the context of the reform of the public service and the establishment of the Office of Government Procurement (OGP), it was decided to update and strengthen measures aimed at facilitating SME participation in public procurement in order to reinforce their application across the public sector.

The new guidelines accelerate some of the key business-friendly initiatives under the new EU Public Procurement Directives which were agreed under the recent Irish EU Presidency, the transposition of which is ongoing.

The SME Working Group, established under the Government's Action Plan for Jobs, was consulted on the new guidelines. The SME Working Group is chaired by the Policy Director of the OGP and includes representatives from ISME, IBEC, InterTrade Ireland, Enterprise Ireland, the Competition Authority, the Small Firms Association, the Department of Jobs, Enterprise and Innovation and Chambers Ireland.

The new public procurement guidelines are set out in Department of Public Expenditure and Reform Circular 10/2014. Circular 10/2014 replaces Department of Finance Circular 10/2010 and applies to all public sector bodies.

## **Provisions of Circular 10/2014**

Circular 10/2014 is available to download from the Office of Government Procurement's website, [www.procurement.ie](http://www.procurement.ie). The following is a summary of the key measures set out in the Circular:

### **1. Market Analysis**

Public sector buyers are instructed to undertake market analysis prior to tendering in order to better understand the range of goods and services on offer, the competitive landscape, and the specific capabilities of SMEs etc.

### **2. Sub-dividing Contracts into Lots**

Buyers should, where reasonable and without compromising efficiency and value for money, consider breaking contracts into lots, enabling smaller businesses to compete for these elements.

### **3. Consortium Bids**

Buyers to encourage informal groupings of suppliers to bid where possible as consortia in compliance with relevant competition law.

### **4. Less use of "restricted" tendering and greater use of "open" tendering**

Buyers should use open tendering for contracts below €134,000 (exclusive of VAT) in the case of advertised contracts for general goods and services. In the case of advertised contracts for works and works related services separate guidance in relation to thresholds will issue shortly. Above these levels buyers should decide which tendering procedure is most appropriate in each case.

### **5. Capacity Requirements**

- Buyers should ensure that any capacity levels set for candidates/tenderers are relevant and proportionate to the circumstances of a particular contract.
- Where experience is specified as a qualifying or competitive criterion, it should not be framed in such a way as to unduly narrow a field of eligible tenderers by specifying an exact work type or industry.

## **6. Turnover requirements**

- In assessing the capacity of a supplier to do a job, buyers, as a matter of general policy, should not for routine (e.g. low-value, high volume) goods and services competitions set company turnover requirements at more than twice the estimated contract value. This is in line with revised European rules and is designed to support SME involvement in public procurement.
- For non-routine or high risk or bespoke services and/or goods competitions it may be necessary to apply higher requirements.

## **7. Innovation**

Buyers should, where possible and appropriate, encourage new and innovative solutions by indicating in tender documents where they are prepared to accept reasonable variants to the specifications.

## **8. Framework Agreements**

Breaking framework agreements into lots can be an effective way of opening up opportunities to SMEs. Depending upon requirements, framework agreements can be divided into lots on the basis of geography, specialism and/or value.

## **9. eTenders assisting SMEs**

The OGP will continue to promote the optimum use of the eTenders portal as a tool for facilitating the involvement of SMEs in public sector procurement.

### **9.1 Advertising of contract opportunities to promote SME participation**

Buyers continue to be required to advertise all contracts for supplies and services with an estimated value of €25,000 (exclusive of VAT) and upwards on [www.etenders.gov.ie](http://www.etenders.gov.ie). The advertising threshold for works and works related services remains at €50,000 (exclusive of VAT).

### **9.2 Publication of Contract Award Notices**

Buyers are required to publish all Contract Award Notices over €25,000 on the eTenders website on completion of the award. This provision will be effective from 1 August 2014.

### **9.3 Registration and Email Alerts**

OGP encourages suppliers to register with accurate company information on [www.etenders.gov.ie](http://www.etenders.gov.ie) to ensure maximum exposure to tendering opportunities within their sector.

### **9.4 Supplier Data Bank**

In relation to goods and services, buyers should encourage suppliers to upload their business details (tax clearance, insurance, health and safety and financial data) on the eTenders system. This data will automatically reload when the supplier revisits the site to tender for other contracts. This facility is aimed at easing the administrative burden of suppliers competing in multiple tenders.

### **9.5 PINs**

Buyers should communicate long term purchasing plans to the market as early as possible by publishing Prior Information Notices (PINs) on the eTenders website.

### **9.6 Requests for Tenders/Expressions of Interest (RFTs/ EOIs)**

Buyers should publish RFTs or EOIs on eTenders for direct downloading by suppliers.

#### **9.7 Online submission of Tenders**

For goods and services buyers should promote the online submission of tenders by suppliers as the norm as a means of simplifying the tendering process and reducing the costs of tendering.

#### **10. Insurance**

Buyers should only require such types and levels of insurance which are proportionate and reasonable in the context of the particular contract. Factors which may be considered by buyers for the supply of goods and general services should include: the risks involved, the value of the contract and the subject matter of the contract.

#### **11. Life Cycle Costs**

Where the award of contract on the basis of the most economically advantageous tender (MEAT), the buyer where appropriate should take into account not just the current but the whole life-cycle costs.

#### **12. No Charging for Tendering Opportunities**

Buyers must not use arrangements which involve candidates/ tenderers having to pay so as to access competitions for public contracts.

#### **13. Feedback**

For contracts above EU thresholds for which advertising of contracts in the Official Journal of the EU is obligatory, buyers are required to give appropriate feedback to companies who have participated in a public procurement competition. For all other contracts buyers are strongly encouraged to provide written feedback as a matter of good practice.

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