



**Chambers
Ireland**
Advancing business together

**Chambers Ireland's Submission to the Office of Government
Procurement on SME engagement with the Procurement
process**

April 2019

Chambers Ireland Submission to the Office of Government Procurement

Small to Medium Enterprises (SMEs) provide key supply services, advisory services and design services for various state, semi-state and local authorities. And Chamber Ireland recognises the importance of Contracting Authorities obtaining value for money for these services. We believe that the current procurement system could deliver better value for money for the economy as a whole if structurally it was easier for the SME sector to engage.

In recognition that SMEs provide more employment than any other economic or public sector, more needs to be done by the Office of Government Procurement and other bodies responsible for procurement to allow a fairer playing field for them. SMEs are forced to compete with much larger firms, who because of their scale can take advantage of weaknesses in the tendering process to win bids from Contracting Authorities even when they may not be the best qualified nor provide the best value for money.

With large companies dominating the field, SMEs are often forced to work as subcontractors to larger more powerful organisations. This can exclude them from prequalifying for future tenders because they lack a track record, and as we have seen leaves them at risk of having payment for services being delayed, reduced or withheld.

Chambers Ireland believes that in addition to the cost element of services provision, Contracting Authorities need to put more weight on the quality of the services provided and the capacity for the provider to deliver to this quality throughout the lifetime of the contract.

Recognising that administrative burdens cost small businesses proportionately more than larger ones, Contracting Authorities need to consider the scale of the competition, and breakdown competitions on a regional and local basis where appropriate. The alternative amounts to the exclusion of many SMEs from the contracting process.

From the feedback which we have received, there are perceptions that the tendering is unnecessarily opaque and not always adhered to which risks undermining the process. These perceptions play a significant role in SME's attitude towards tendering. It is important that all procuring bodies both adhere to and be seen to adhere to the requirements.

Therefore, Chambers Ireland calls on Contracting Authorities to:

1. Weigh quality more appropriately in tenders

When lowest price is weighted too highly, as it often seems to be at present, a low price will win most tenders, regardless of the quality of provision. In tenders, quality must be appropriately weighted so that the full life-time cost of the good/service is taken into account. Abnormally low tenders should also be reviewed very sceptically. Acceptance of what transpire to poor quality tenders is not in the interest of either Contracting Authority or providers in that market.

2. Reduction in Paperwork:

The administrative burden prequalifying for the tendering process excludes most SMEs from these competitions. To reduce repetitive duplication of efforts within Contracting Authorities and service providers, the Office of Government Procurement should compile a register, which Contracting Authorities can access, of firms that have been shown to hold:

- Satisfactory Health & Safety Qualifications
- Satisfactory Quality Qualifications
- Satisfactory Environmental Qualifications

3. Past Performance and Service Quality assessments:

A recognition in the tendering system of the past performance and level of quality of the services which were provided will incentivise good work from service providers who want to maintain their professional relationships with contracting authorities over multiple contract cycles.

4. Prequalification, Technical Qualification and Tender Price in one Package:

Contracting Authorities should avoid integrating the Prequalification, Technical Qualification and Tender Price requirements into one document. This leads to firms that fail to prequalify unnecessarily having to spend time preparing a detailed Technical Submissions and Tender Prices.

5. Two-envelope tender process for Quality/Price tenders:

Tender compliance and quality assessment elements should be concluded before the price envelope is opened and marked, and tenderers should be invited to attend the price envelope opening.

6. Consistency in the award of quality marks:

Our members regularly experience different approaches to, and application of, quality marks between different Contracting Authorities and even within the same Contracting Authorities for different projects. Contracting Authorities should adopt marking procedures which are clear and consistent.

7. Payments and Payment milestones:

To prevent liquidity issues which emerge from long delays between milestone payments, Contracting Authorities should provide for monthly invoicing based on agreed progress against the relevant milestone.

8. Subdivide work into Manageable Component Lots:

Services should be subdivided into Manageable Component Lots where appropriate to allow SMEs compete fairly for tenders.

9. Tender notifications should be easier to find:

Our members often find that tenders have been filled before they were ever aware of them, Service Providers need to make their smaller tenders available through a channel which targets local SMEs, in addition to the global eTenders system obligations.

10. Better training for those who write the tenders

Frequently procuring bodies don't fully explain what they are procuring for or lack the market knowledge and sectoral understanding to scope out tenders which will deliver what they are looking for, at the level of service that they desire. At times this is so extreme that it is not clear what is being put out to tender.

11. Removing those who fail to submit tenders for the process

Often, those who prequalify for tenders fail to follow through. This narrows the set of companies who might have won the tender still further. Where firms having prequalified fail to complete the tendering process without responsible cause, some form of penalty or exclusion system should apply in future tenders. This may also be considered in relation to companies on in frameworks who consistently do not bid.

12. Other matters – review and reform

- a. We would like to see a review of contracts awarded outside the State to provide constructive feedback to State Agencies and businesses on how Irish companies can improve their offerings to improve their likelihood of success.
- b. Can the Department undertake a review of the cost effectiveness of the current suite of frameworks in place.
- c. Will the Department provide more finance to support training in this area.
- d. Would the Department consider raising the current €25,000 under section 5.1 of circular 10/14 to a higher amount such as €50,000.