

Expert public procurement consultancy for Buyers and Suppliers at your service



PASS Consultancy

BiP's *Procurement Advice and Support Service (PASS)* provides organisations with access to experts in public procurement practices and procedures, thus helping you develop and deliver effective and efficient procurement/tendering. Our team offers a range of services to meet your specific needs. Whichever area you would like evaluated and improved, we have the experts to help.

The *PASS* consultancy's mission is to help you deliver the best in government procurement/tendering through:

- Practical solutions to improve performance
- Innovative approaches to knowledge transfer within government
- Procurement manual and strategy
- Improved performance indicators
- Strategic direction and performance
- Opportunities offered by e-government
- Capacity to deliver change to meet identified needs
- Continuous improvement of services and challenging poor performance
- Sustainable development within decision-making processes and delivery of services
- EU-compliant processes
- Best-practice procurement training

PASS Health Check

The *PASS* service can help your organisation examine its current procurement/tendering organisational structures, strategies, processes, practices and related strengths and weaknesses. It delivers a detailed *PASS Mark Health Check Outcome Highlight Report (OHR)* that outlines areas of strength as well as those requiring further attention, and provides an outline *Project Initiation Document (PID)* designed to deliver a more effective and efficient procurement/tendering process that will help you achieve optimum performance.



PASS – Helping You Meet Key Objectives

The key objective of public procurement professionals is to ensure that the most suitable supplier is selected to provide goods and services on terms which are likely to offer the best value for money. The *PASS* service helps you meet this requirement and deliver contracts that offer best value-for-money terms with suppliers who will execute them efficiently.

PASS Training

Our consultants can provide you with bespoke training packages to suit your needs. Consultancy and training is available for the following: environmental purchasing, partnering, evaluation, e-government, supplier debriefing, UK legal processes and precedents, contract management, EU-compliant tendering, tender writing and much more.

PASS Online Guidance

The *PASS* service provides online guidances on all aspects of the public procurement/tendering process and legal requirements: www.bipsolutions.com/html/briefing.php

PASS – CAPS Service

Introducing *CAPS* – the public sector's guardian through the EU public procurement process, helping you to quickly access in-depth, authoritative EU public procurement procedure assistance. We are now pleased to offer your organisation access to this vast knowledge base as and when required, through subscription to BiP's new *Contract Administration & Process Support (CAPS)* helpline service. The *CAPS* service level agreement aims to answer 99% of your enquiries within one working day and 85% of these within one working hour.

PASS In-house Presentations

PASS consultancy can provide you with in-house presentations suited to buyer or supplier as appropriate. Each presentation will be tailored to your requirements, whether they be with regards to improving your tendering practices or your procurement strategy or processes. Contact: pass@bipsolutions.com



GUIDANCE 06b

2004

WORKING TOGETHER

SIR PETER GERSHON RECENTLY DELIVERED A SPEECH ON HOW THE GOVERNMENT IS LEVELLING THE FIELD FOR SMEs.

PART TWO OF TWO

In May 2003 the Better Regulation Task Force (BRTF) published its report *Government: Supporter and Customer?* The report argued that public sector procurement may be skewed against smaller firms leading to a reduction in competition, productivity and value for money for government. It proposed that the nation could reap economic benefits from helping small firms access a larger share of the public sector market.

The BRTF report made 11 recommendations (see *PASS* Guidance 06a) to the Government with the aim of establishing a more level playing field for small and medium-sized enterprises (SMEs) in gaining public sector work, but the key findings of the report were the extent to which small-business participation in the public sector could benefit the economy as a whole and the extent to which the perceived risk of procuring from small businesses can work against this.

In addition, the report *Making a difference: Reducing Bureaucracy in Central Civil Government Procurement*, published by the Regulatory Impact Unit and the OGC in December 2003, also highlighted the importance that reducing bureaucracy can have on reducing costs, achieving better delivery and improving government's commercial business.

The findings of this report fell into a number of broad areas, which included:

- Speeding up the procurement process and reducing costs.
- Improving communication with the market and in government.
- Focusing on successful project outcomes.

All of the above would help increase the attractiveness of the government market to suppliers by reducing bid costs and levelling the playing field for SMEs.

The National Strategy for Local Government Procurement, announced in October 2003, also includes actions related to improving SME participation in this major segment of the UK public sector.



To test the recommendations of the BRTF report, the Office of Government Commerce (OGC) and the Small Business Service (SBS) are undertaking two pilot projects aimed at breaking down the barriers to entry faced by SMEs when competing for government contracts.

The pilots address some of the recommendations of the BRTF report, including:

- Developing a central government web portal advertising lower-value central civil government contracts with each local authority having its own 'selling to the council' website.
- Support for small businesses to help them negotiate the public sector tender process.
- Development of a common core pre-qualification information document for lower-value contracts.

This is not about lowering standards within the government marketplace; it is about lowering barriers. Whilst the pilots will look at diversity and stimulating competition and delivery, the commitment of large suppliers remains vital.

WHAT CAN SMEs OFFER?

SMEs contribute to a wider, more diverse supplier base and increase competition across the market. By increasing competition, costs are driven down, enabling long-term value for money. SMEs may have smaller administrative overheads and management costs than larger firms which can result in lower prices and further increase competition across the market.

Innovation is very important to the competitiveness and productivity levels of the economy. The OGC is committed to working with the Department of Trade and Industry on harnessing innovation from

The *PASS* Mark Health Check is a process-based evaluation technique that helps identify how your company can develop more effective processes when tendering for public sector contracts.

For further information on the *PASS* service, contact our Customer Services Team on 0141 332 8247, email pass@bipsolutions.com or visit www.bipsolutions.com/pass/

industry and is developing Best Practice guidance on 'Capturing Creativity from Suppliers', for publication this spring. Innovation stimulates competition and SMEs are an important source of innovative solutions, products and approaches that are different from conventional methods. They often have an advantage by being early exploiters of new technology or by providing products or services in new or underdeveloped markets. SMEs can use innovation to differentiate themselves from established market players, which may be reluctant to bid for limited specialist contracts. Such contracts are more likely to be important to an SME which can distinguish itself as being more flexible and willing to tailor a product or service to meet a customer's specific needs. SMEs are often more responsive to changing requirements, offering a better quality and more personal level of service.

WHY ARE SMEs RELUCTANT TO BID FOR CONTRACTS?

Firstly, opportunities are perceived as inaccessible. SMEs find it difficult searching the OJEU when they are not familiar with the specialised terminology used. They may not have the resources to search regularly and may find commercial OJEU-searching services expensive. In addition lower-value procurements may not be advertised widely and there is no standard place to look for them.

SMEs often do not know who to talk to about opportunities and, having limited marketing resources, find it difficult to raise their profile with the large number of potential public sector customers.

Secondly, there is a perception amongst SMEs that the bidding process is long, complex and costly. Those new to the public sector market may not know what is involved, and may have difficulty in understanding requirement documents and therefore in constructing good quality proposals or tenders. The cost of long tendering processes can be prohibitive for SMEs. Those suppliers with limited resources may also find procurement timescales too tight and struggle to keep up with larger competitors.

Finally, SMEs may find that the contracts advertised are too large for them to bid for. Small suppliers, who may have successfully contracted in the past, and provided good service, cannot bid for larger contracts and are not in a position to be a prime contractor. The trend that follows is that more business is placed with a reduced number of large suppliers. Competition decreases and long-term value for money can suffer if the primes do not take active measures to open up their own supply chains.



WHAT IS GOVERNMENT DOING TO COUNTERACT THESE BARRIERS?

To counteract these barriers and in response to the BRTF report government is rolling out a series of measures over the next twelve to eighteen months to address these issues.

One objective is to increase SME access to potential opportunities by publishing those valued below the EU thresholds on a central web portal which will also include information on future opportunities.

Local authority 'Selling to the Council' guides and websites can give potential suppliers the information they need to bid effectively and these websites can set out the types of goods and services bought and explain procurement policy in addition to advertising requirements. This allows those SMEs interested in selling locally or those with specialist products to keep an eye on potential opportunities within their areas.

Government departmental procurement websites may advertise potential opportunities for SMEs but may also list suppliers that they currently do business with. If lists are used they must be refreshed regularly, the process must be open and they must try to make listing suppliers easier. In addition, 'meet the buyer' events can be a useful way of introducing SMEs to government, facilitating dialogue between the two sectors, publicising opportunities and providing information on tendering and bidding processes.

So that SMEs understand the bidding and procurement processes, training and advice is needed in many cases. SMEs should be informed at the outset what is required of them, keeping all documentation (including OJEU adverts and tender documents) clear, concise and jargon-free, with full descriptions of the goods or services required. Guidance is available in the publication *Tendering for Government Contracts*, which is also available on the Supplying Government pages of the OGC website. This is a useful guide for small businesses on selling to government departments, agencies and the wider public sector.

Companies new to the public sector may need longer to respond to requests for information than more experienced players so there needs to be a realistic timetable. The public sector side needs to keep suppliers informed and avoid slippage to prevent additional, unplanned costs for suppliers.

One of the BRTF recommendations was to develop a common core pre-qualification information document for lower-value contracts so that businesses do not have to put together different information in different formats to get past the Expression of Interest stage. The OGC is piloting this in the West Midlands.

To combat the perceived barrier of contracts being too large for SMEs to bid for, the procurement strategy should be considered. Perhaps some elements could be left outside the main contract? Is it really a good idea to place all the work with one supplier? Could the contract be divided into lots allowing SMEs to act as subcontractors? The OGC has recently published a 'Decision map for procurement' on its website which gives guidance on the different procurement strategies and deal shapes that can be used, particularly when contracting for IT goods and services.

Forums such as open supplier meetings provide a platform for potential prime contractors and subcontractors to get together and find out more about a particular project. Publishing lists of suppliers involved in the procurement can aid potential subcontractor and prime contractor relationships.

It is also important to be open to consortia bids involving SMEs and to encourage main suppliers to adopt supply chain management practices that integrate, incentivise and reward good performance throughout the supply chain. In the context of the IT industry this is an area where there is much to be learnt from the leading prime contractors in the construction

industry in terms of what they have done to put in place integrated supply chains.

As mentioned earlier, the OGC and the SBS have launched two pilot procurement schemes aiming to ensure SMEs have easier access to government contracts. They are also looking at bringing benefits to ethnic minority-owned businesses.

In the West Midlands, the OGC is working with Advantage West Midlands, the Government Office for the Region and the SBS to make procurement strategies more accessible and transparent to smaller companies.

The second pilot is in Haringey, where the OGC is working with Trade Local to open up opportunities.

All the actions and initiatives described above are focused on raising the level of SME participation in public sector procurement. In the recent S-Cat competition, the number of SMEs selected varied across the categories, from 18% to 47%. In the entire catalogue, the number of SMEs now represented is 84 out of 177, or 47% of the total. A number of major IT companies, as a result of their own corporate policies, are proactive in seeking to increase SME participation in their supply chains. The ultimate aim is to improve SME participation, both direct and indirect, so as to improve value for money for the taxpayer.

CONCLUSION

SMEs increase competition, offer innovation and flexibility and are good for the marketplace, but there are some clear barriers to their participation in government business. The pilot schemes the OGC is running are helping the OGC to understand and address these barriers more fully.

By working in partnership with SMEs the OGC hopes to break these barriers down and widen the marketplace so that more SMEs are able to participate and bid for government contracts. This will ultimately contribute to significant long-term value for money improvements across the public sector.

SMALL BUSINESS SERVICE

The Small Business Service is one of the key driving forces taking forward the Government's Action Plan for small business published in January 2004. The plan is structured around seven strategic themes – each one of which has a range of current and new actions and initiatives aimed at achieving the Government's small business objectives. Details of most of those initiatives are available from the SBS website at www.sbs.gov.uk. You can also access a copy of the entire Action Plan and the Implementation Plan the SBS has developed which will show in more detail how government will deliver the new actions; this will be updated on a regular basis.

The SBS website provides the public, researchers, the media and policy makers with information about what the SBS is and what it is doing. The SBS also operates another website – businesslink.gov.uk – that forms part of the Business Link national advice service. That website provides straightforward business information and gives access to a wide network of business support organisations.

THE ROLE OF THE OGC

The Office of Government Commerce is an office of HM Treasury which works with central civil government as a catalyst to achieve best value for money in commercial activities. Its Government Market division focuses on optimising competition in the government marketplace, to achieve better value for money for the taxpayer. This includes work to encourage competition and long-term capacity planning in areas where the Government has significant purchasing power; and work to take time and cost out of procurement.

