

Appendix B

Consideration by Management Committee on 27 September 2012 of ways by which the Consortium might further improve the accessibility of its (and members') procurement processes to SMEs.

- (i) Agree a common definition of SMEs, as well as SME-related key performance indicators (including establishing baselines), across the member authorities;
- (ii) Create a 'Procurement Charter' to which public and private sector organisations/contractors can sign up; committing them to best procurement practice, including ensuring local publicity is given to contract opportunities;
- (iii) Ensure that the SME agenda has a bearing on the appropriate level of collaboration when developing the procurement strategy; for example, whether national, regional or local framework agreement, or contract;
- (iv) Ensure that internal procedures (for example, the ESPO Business Case proforma) prompt consideration of the need for, and means of, making individual procurement exercises as SME-friendly as possible. Prompts may include consideration of the letting strategy, the extent to which the specification could be based on outcomes, whether to hold a Bidders Conference, SME-friendly contract conditions, allowing enough time for consortia bids¹, and directly notifying known SMEs in the respective market of the contract opportunity;
- (v) Develop, a co-ordinated approach to giving advanced warning of upcoming contract opportunities and the advertising of contract opportunities, including the flagging of SME-friendly contracts;
- (vi) Implement an e-Tendering solution, preferably in conjunction with member (and other) authorities, that alerts registered organisations of contract opportunities and stores tenderers' organisation details;
- (vii) Ensure that the new Pre-Qualification Questionnaire (PQQ), including guidance (currently being developed by ESPO) is not excessively onerous, and can be tailored to be proportionate to a particular procurement exercise (e.g. insurance requirements);
- (viii) Include questions within the new PQQ (as optional supplementary questions) that require tenderers to explain how they select and manage sub-contractors where appropriate;
- (ix) Evaluate the details (including finances) of all tender consortia members, rather than just the 'lead' partner (though this could be impractical and too complex; particularly risk arrangements may not be known at the tender stage);

¹ It is recognised that recent guidance from central government has encouraged reducing the duration of the procurement process and that longer processes may add cost to both tenderers and the procuring organisation.

- (x) Consider if, and how, the evaluation process can take account of the contribution made to the local economy, including SMEs (e.g. Members community strategy and targets);
- (xi) Include SME friendly contract conditions in contracts with prime contractors, where appropriate. For example, requiring the prime contractor to:
 - Apply the same payment terms as agreed with the council to the payment of the sub-contractors they use in delivering the council contract;
 - Advertise sub-contracting opportunities, relating to the council contract, on an agreed portal (for example, the appropriate Source East Midlands website).

Although laudable, imposing contractual restrictions may increase the cost of a contract. In these circumstances it may be more appropriate to provide contractors with information on the council's strategy/objectives;
- (xii) Proactively provide verbal debriefings to unsuccessful SME applicants/tenderers, rather than awaiting a request for a debrief. (Again this might increase procurement costs);
- (xiii) Develop a programme of market development/tendering capacity-building work, including delivering presentations at SME forums, attending 'Meet the Buyer' events, providing advice of how to set up consortia, creating a database of SMEs, and targeting SMEs that have previously been unsuccessful when pre-qualifying/tendering;
- (xiv) Develop and deliver a training session for commissioners that increases their awareness of the obstacles faced by SMEs, as well as the means of removing or reducing the impact of these obstacles.