



SME Advisory Group

Meeting 13 June 2022

Attendees:

Minister of State Ossian Smyth - Chair		Ciarán McLoughlin – D/ETE
Eva Dowling – Adviser to Minister Smyth	Grant Gilmore – ITI	Jonathan Small - CCPC
Karen Hynes – D/ETE	Laura Byrne – D/ETE	Neil McDonnell – ISME
Paul Maguire – EI	Sean Downey – CIF	Shane Conneely – Chambers Ireland
Stephen Browne – SFA	Brendan Whelan - OGP	Fergal Grogan – OGP
Eugenia McLaughlin – OGP		

Apologies:

Aidan Sweeney – IBEC	Caroline Sweeney – ITI
Marina Donohoe – EI	Pauline Mulligan – D/ETE
Siona Ryan - CCPC	

1. Previous Minutes and Actions Arising

Minutes of the previous meeting of 7 March were agreed and actions noted.

2. Update on Circular 10/2014 Working Group

Minister Smyth highlighted the Circular 10/2014 Working Group which allowed for a more detailed, technical, consultation on matters relating to Circular 10/2014 and with the purpose of proposing amendments to the Circular. Minister Smyth referenced the measures for changing which were included within the previously circulated proposal. It was emphasised that the Working Group's proposal was the first stage of the consultation piece and there is further consultations required with public buyers and other stakeholders.

There was a general discussion on the measures included within the proposal. ISME discussed the measure concerning turnover and emphasised upon the effect which Covid-19 had placed on suppliers and noted the need for flexibility given that companies turnovers may have been impacted upon. SFA highlighted the possibility for projected turnover, given that Covid-19 is an anomaly to what a normal turnover would be, if companies wished to include historical data they could identify what their previous revenue would have been. The OGP acknowledged the points made and highlighted that this is something which could be taken into consideration. EI raised the issue of recent start-ups and the lack of relevant financial standing. Chambers Ireland provided an example of where certain start-ups were excluded from contracts. The OGP discussed the turnover measure detailing the position outlined within our current procurement Regulations and noted that this update to the Circular is also a reminder to contracting authorities that there may be start-ups tendering and to acknowledge their financial capabilities which doesn't exclude them from competition.

The CCPC asked about the rationale behind the proposal to change the advertising threshold from €25,000 to €50,000. The OGP detailed the current statistics available through eTenders noting the current tender outcomes and impact of threshold change. In addition the administrative burden on public bodies and suppliers was raised by the Working Group.



Action: OGP to circulate proposal to buyers and relevant stakeholders for consideration.

3. Update on Private Members Bill - Quality in Public Procurement (Contract Preparation and Award Criteria) Bill 2021

The Minister advised that the Bill had last month passed third stage (committee stage). Minister Smyth noted that he had signalled his intention to propose a number of amendments at Report Stage to ensure alignment with the current National legislation. The Minister detailed the process and advised that the Report Stage will likely sit in the autumn. The Minister referred to previous consultations with members of the SME Advisory Group and asked the Group to raise any questions/concerns to which none was received.

Action: OGP to circulate [transcript](#) of Quality in Public Procurement (Contract Preparation and Award Criteria) Bill 2021: Committee Stage.

4. Strategic Public Procurement

Minister Smyth made reference to the EPA's recently published '[Green Public Procurement: Monitoring and Reporting by Government Departments](#)' which depicted low levels of the utilisation of GPP within procurement for 2020. The Minister was hopeful due to the current updating of frameworks which incorporate GPP and alongside the EPA 'Green Public procurement: Guidance for the Public Sector' published last year, would assist in the rising of GPP levels in the future.

ITI advised that from 1 June 2022 there was a requirement in Northern Ireland that tenders must include a minimum of 10% of the total award criteria to social value and advised that this may be of specific interest to the OGP. ITI highlighted seminars they were hosting in this regard and noted the challenges which SMEs were facing. A general conversation regarding the inclusion of social value followed. The Minister questioned whether the OGP had issued guidance to Irish companies in this regard, the OGP noted that this would be outside their remit and stated that it would fall within the responsibility of DETE. EI advised that this would be dealt with on an ad hoc basis and valuable that it is brought to the attention of their UK offices.

Action: ITI to forward details regarding Northern Ireland mandating of social value; EI to notify their UK offices regarding social value inclusion within Northern Ireland tenders.

5. Macroeconomic Issues

The Minister highlighted that the standing item of Covid-19 and Brexit had been renamed to macroeconomic issues to incorporate any issues present highlighting the situation in Ukraine and inflation. Minister Smyth brought to the Group's attention the recently published inflation guidance, in particular the Guidance Note on Inflation/Supply Chain Co-operation Framework Agreement and a decision made by Government to carry some of the costs regarding inflation on public works contracts dating back to January.

ISME discussed the matter of indices and referred to UK contracts that have indices built in which reflect input costs e.g. labour, fuel costs etc. and noted that this topic requires greater attention. ISME highlighted the recent Government announcement surrounding the generic cost of living. A detailed discussion on indices followed thereafter. The OGP made reference to previous Government interventions in this sphere, including reducing duties on fuel etc. The OGP highlighted that the template contracts contain provisions for indexation to account for inflation, the challenges were noted which include that the provision occurs on the first anniversary of the contract and that the contracting authority may decide to exclude this provision thus leading to a contract management issue. The OGP highlighted that this matter would need to be reviewed on a contract by contract basis to take account of the inflationary issues which have occurred recently.



CIF stated that the changes introduced this year by the OGP Construction Policy regarding inflation have been positively received by the construction sector. CIF discussed indices in details and noted challenges including adopting simple formula for publicly available indices for contracts going forward.

Chambers Ireland discussed issues raised by its members including the removal of the Employment Wage Subsidy Scheme (EWSS) which is leading to an increase in labour costs. Chambers Ireland highlighted that a number of their clients have made a number of affordances to accommodate Ukrainian refugees with specific regard to the utilisation of bus services and the extra costs associated with same. Minister Smyth acknowledged the points made and highlighted that he would follow up with Minister Foley regarding grants concerning bus services.

Action: Minister Smyth to raise the concern of bus service contractors directly with Minister Foley.

6. A.O.B.

The Minister highlighted recent European Parliament instructions concerning procurement with any Russian element and for members and their clients to be cognisant of same. The OGP noted that a notice has been published on the OGP website detailing the key points, and consultation with the CSSO regarding further guidance is ongoing.

The OGP highlighted that previously the new eTenders platform could not be discussed given it was out for tender, however, an update was provided noting that it was in standstill period and reemphasised that communication and uptake of training opportunities with the support of the members was key to its success. CIF proposed the eTenders platform be a standing item on the Agenda in order to update their members accordingly.

ITI noted the reintroducing of the SME Communications Sub-Group. The OGP noted that the SME Communications Sub-Group had been identified by this Group and the Working Group on Circular 10/14 as an area where collaboration could be enhanced. It was proposed for the SME Communications Sub-Group to reconvene in September, this was agreed by the Group.

The Minister proposed for every second meeting of this Group to be held in person which was agreed.

Action: Update on the new eTenders Platform to be a standing item on the Agenda; OGP to circulate draft Terms of Reference for the SME Communications Sub-Group; Members to put forward nominations within their organisation for the SME Communications Sub-Group – *All*.