

over  
**£4 billion**  
of contract  
opportunities



# Opening Doors

The Charter for SME Friendly Procurement



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Further guidance on implementing the Charter principles and specific guidance on procurement best practice can be accessed via the Value Wales Procurement Route Planner on [www.buy4wales.co.uk/prp](http://www.buy4wales.co.uk/prp)

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# Foreword

99% of all Welsh businesses are Small and Medium Enterprises (SMEs) and the Welsh Assembly Government recognises and appreciates the very important contribution they make not only to the development of a healthy economy in Wales but to our communities and the environment upon which we all depend. Our aim is to nurture them, and further develop their role in fostering economic, environmental and social benefits across Wales.

The 'One Wales' progressive agenda for the government of Wales, agreed in June 2007 underlines this aspiration through its commitment to introduce an All Wales Purchasing Code of Practice. This Charter is the cornerstone of this Code of Practice.

Despite being able to offer good business opportunities, I am aware that many SMEs are apprehensive about engaging with the public sector, due to both real and perceived barriers. The following Charter clearly sets out our commitment to changing the way we do business in Wales and also seeks your support in helping to create a fair and open environment in which we can all do business together.

The Business Procurement Task Force, which I chair, is not only anxious to ensure that these barriers are lowered or removed, but also wishes to dispel some of the myths surrounding procurement in the public sector.

"Opening Doors: the Charter for SME Friendly Procurement" has been produced through Value Wales. This Charter is part of a programme of actions to deliver a consistent approach to procurement across the public sector in Wales while at the same time, addressing issues of particular concern to SMEs.

By asking the public sector in Wales to implement this Charter, I am also sending out a clear signal that we all have an important role in creating a sustainable future for Wales. My challenge to both SMEs and the Welsh public sector is to grasp this opportunity now, so that by opening the right doors, we collectively build a healthier business sector in Wales.

We are all on a long journey of change in public sector procurement methods and optimising work opportunities, and this is another important step on that journey

**Andrew Davies AM,  
Minister for Finance and Public Service  
Delivery**

*NB - For the purposes of the Charter 'SMEs' are considered to be a 'diverse group of businesses, ranging from sole traders to substantial, established firms – including start-ups, black and minority ethnic businesses (BMEs), voluntary and community organisations (VCOs), social enterprises and supported businesses.'*

## Endorsements

*“Welsh local government has long recognised the community benefits that may be achieved through the effective use of procurement processes and engagement with SMEs. The development of this charter is another step in the right direction, building on the good practice that already exists in many areas and introducing challenges for improvement across the public sector in Wales.*

*I commend “Opening Doors” as part of the public sector procurement improvement programme directed not just at achieving value for money through the public purse, but also delivering social, environmental and economic benefits to our communities.” I also recommend our guidance on ‘Public Spending for Public Benefit’, which provides case studies of how the principles outlined in “Opening Doors” can be implemented in practice.*

**Councillor Russell Roberts**  
**WPGA Spokesperson,**  
**Improvement & Procurement**

*“The FSB welcomes this unique charter and is pleased to have had an opportunity to take part in its formulation. Engaging in public procurement is often a daunting task for SMEs, but we hope that this document will go some way to bringing clarity to the process and that it acts as a guide for businesses during the procurement process.*

*It is essential that we match the value for money sought by the public sector with the quality of service and the products offered by businesses in Wales, and we feel that with this charter, that will be better facilitated.”*

**Ben Cottam,**  
**Wales Policy Manager, Federation**  
**of Small Businesses in Wales**

*“The CBI is pleased to endorse the Charter. Public sector procurement contributes greatly to the economy of Wales, helping to grow companies and deliver services in an efficient and effective manner.*

*This Charter will be a useful tool for companies negotiating procurement contracts, providing best practice advice and guidance to SMEs. In so doing it will help put in place the conditions which allow businesses to grow and prosper to the benefit of all.”*

**Leighton Jenkins**  
**Assistant Director - Policy,**  
**CBI Wales**

*“The Wales Audit Office welcomes any approach which leads to better value for money from the use of public funds. We hope that the Charter will secure these benefits by encouraging more Welsh SMEs to seek to supply services to the Welsh public sector and thereby increase levels of competition.”*

**Jeremy Colman,**  
**Auditor General for Wales**

*Value Wales fully endorses the Charter and its role in fostering a positive climate for enterprise and business development across Wales. The ‘One Wales’ progressive agenda for Wales puts the implementation of the Charter centre-stage as the foundation of the All Wales Purchasing Code of Practice set out in ‘One Wales’.*

**Martin Sykes,**  
**Chief Executive, Value Wales**

*“Wales Council for Voluntary Action is pleased to endorse this charter that I believe promotes the engagement of third sector organisations and all SMEs in Wales to supply public sector service and product delivery.*

*The WCVA views the Charter as a key document in achieving a consistent and inclusive procurement process across the public sector in Wales. “Opening Doors” will help Wales become the benchmark country for a public sector procurement process that is citizen centred and engages with all providers.*

**Graham Benfield,**  
**Chief Executive, Wales Council**  
**for Voluntary Action**

## Introduction

There are over 100 individual public sector organisations in Wales, including the Welsh Assembly and its sponsored bodies, local authorities, higher and further education, the national health service, emergency services etc. Details of the public sector organisations can be found in the resources section on the sell2wales Website - [www.sell2wales.co.uk](http://www.sell2wales.co.uk)

The public sector in Wales spends over £4 billion each year on procurement. Research indicates that 49 per cent of this spend is won by businesses in Wales, supporting approximately 98,000 jobs. For every one per cent increase in spending within Wales, a further 2,000 jobs could be created.

The Welsh Assembly Government and the business support network in Wales is there to help SMEs adapt to meet the special requirements of the public sector, changes in procurement methods and ultimately win more business. SMEs requiring support can in the first instance contact Flexible Support for Business on 03000 6 03000 where staff will provide information on where the appropriate assistance can be obtained or visit the website [www.business-support-wales.gov.uk](http://www.business-support-wales.gov.uk)

Procurement is changing and it is important that \*SMEs (in the widest context of the term including \*\*Third Sector Organisations and \*\*\*Supported Factories and Businesses) and the public sector understand each other's processes and expectations. This Charter aims to set a minimum level of good practice for the public sector and the full range of SMEs.

The following are the main principles on which our commitment to SME friendly Procurement is based

## THE PUBLIC SECTOR'S COMMITMENT TO SMEs

**We welcome the opportunity to do business with SMEs and will:**

- Become more familiar with the SMEs in our region, and the services provided.
- Take steps to find out what the barriers are to us doing business with appropriate SMEs, and seek to remove or lower them.
- Not assume that larger suppliers always offer better value for money.
- Publish guidance, including on-line documents, and brief SMEs on our requirements, the opportunities we have available, who to contact, and how to tender for our business.
- Make it easier for SMEs to talk to us.
- Ensure all our processes create a level playing field for SMEs.

\* For the purpose of this Charter, 'SMEs' are considered to be a 'diverse group of businesses, ranging from sole traders to substantial, established firms - including start-ups, black and minority ethnic businesses (BMEs), voluntary and community organisations (VCOs) social enterprises and supported businesses.'

\*\* Welsh Assembly Government defines the third sector as non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, co-operatives and mutuals.

\*\*\* Supported Factories and Businesses are defined, as businesses whose workforce is made up of more than 50% of disabled persons who, by reason of the nature or the seriousness of their disabilities, cannot carry on occupations under normal conditions.

- Look for the best overall outcomes from our procurement activities using broad value for money criteria to make decisions.
- Ensure genuine and fair competition that does not discriminate against SMEs.
- More widely advertise our contracts over £25,000 in value, making best use of the National Procurement Website - sell2wales.co.uk.
- Welcome applications from new businesses.
- Actively encourage our main suppliers to provide opportunities for SMEs to deliver elements of appropriate contracts.
- Welcome bids from small businesses that are collaborative or are on a consortia basis.
- Comply with all applicable EU and UK procurement legislation, in particular the principle of non-discrimination, and apply the rules to all tenderers in a fair and transparent manner.

**We are totally committed to sustainable development and therefore will:**

- Put our sign up to Sustainable Procurement into practice by joining the Value Wales Sustainable Procurement Programme and continually monitor our progress.
- Use sustainable development criteria in determining value for money, including assessing the impact of economic, environmental and social factors.
- Encourage SMEs also to embrace sustainable development.

**We are modernising our procurement processes, to ensure that they are transparent and fair for all SMEs.**

**To achieve this, we will:**

- Ensure skilled and professionally qualified personnel manage the processes.
- Keep our tendering process as simple as possible to minimise cost.
- Look at the whole life cost, and not just the initial cost of the product / service when considering value for money.
- Explain our procurement processes to SMEs and how they are influenced by the need to comply with the EU and UK procurement law.
- Give SMEs sufficient notice about changes in our processes to allow time to adapt.
- Cut down on administration needed to tender, simplify our documents, provide clear briefs that identify all of our requirements, and use plain language.
- Move towards a consistent all-Wales approach to pre-qualification and standardised contract documentation.
- Adopt e-procurement including e-auctions, procurement cards and electronic invoicing, in order to improve efficiency.
- Consider the most appropriate approach to achieve value for money and manage risk, for each procurement.
- Package large contracts into separate elements or make use of regional lots if appropriate, to ensure that SMEs are not excluded from tendering.

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- Give potential SME suppliers an opportunity to discuss the procurement, in order to understand our requirements and assess their own suitability.
  - Inform SMEs of the criteria we use to evaluate applications to tender and tenders.
  - Decide what our financial qualification requirements are on a tender-by-tender basis, having assessed the risks involved.
  - Not ask for more than two years audited accounts, and accept alternative information from newer businesses.
  - Use outcome specifications and consider alternative products or services SMEs may wish to offer.
  - Offer feedback to successful and unsuccessful tenderers, to help SMEs improve.
  - Treat all SMEs fairly, and pay within 30 days from receipt of a correct invoice.

**To make sure our procurement processes continuously improve, we will:**

- Adopt good practice procurement guidance and standard tender templates developed by Value Wales.
- Ask SMEs to help us, by providing feedback on our processes and procedures, and suggest innovative solutions.
- Publish and implement a complaints and continuous improvement procedure.

This is a summary of the practices, which we will aim to adopt. In order to preserve flexibility and encourage the widest possible take-up across public sector bodies and SMEs, it is necessary for us to make clear that this document does not create, and is not intended to create, any binding legal relationship, obligation or right of action whatsoever whether in public or private law, in relation to any public sector body or SME which participates in this Charter.

The following are the main principles on which your commitment to SME friendly Procurement is based

## **SMEs COMMITMENT TO THE PUBLIC SECTOR**

**In order to help us help you do business with us, you will be prepared to:**

- Register on the National Procurement Website - [www.sell2wales.co.uk](http://www.sell2wales.co.uk).
- Provide further information we may need to understand your business.
- Take advantage of the opportunities we offer for you to meet with us.
- Ensure that you know what is required of you to meet our requirements, and if you do not know, seek advice.
- Contact public sector organisations to ask them to include you on their relevant list of approved suppliers. This is particularly important if you are interested in work below £25,000 in value.
- Actively seek tender opportunities, including via [www.sell2wales.co.uk](http://www.sell2wales.co.uk).
- Be realistic in assessing your own capability to deliver each contract.
- Take up e-procurement, and as a minimum become Internet capable, to make sure you are not disadvantaged.
- Ensure all activities are conducted in an honest and responsible way.
- Continuously improve your business' contribution to sustainable development.
- Develop and work with your supply chains to include other SMEs.
- Treat your suppliers fairly, and pay within 30 days from receipt of a correct invoice.

**You will have a reputation for, and will want to provide us with a high quality competitive service, by:**

- Continuously updating personnel skills and your business' capability, seeking assistance from Business Support Agencies, if appropriate.
- Consider collaborating with other suppliers, if this makes your service more competitive or reduces risk.

## **Acknowledgement**

Value Wales is pleased to acknowledge that it has drawn upon other publications listed below, to supplement its own research to produce this Charter.

- Small Business Friendly Concordat - Good Practice Guide (Office of the Deputy Prime Minister).
- Smaller Supplier...better value? (Office of Government Commerce).
- The Government Procurement Code of Good Practice (Office of Government Commerce).
- Public Procurement - removing the barriers to SMEs (Department of Finance and Personnel, Northern Ireland).
- An Action Plan - Small Businesses and Public Procurement (Federation of Small Businesses).
- Local Government Procurement, Economic Development - An Action Guide (Chief Economic Development Officers Society).
- Government Supporter and Customer? May 2003 - Better Regulation Task Force.
- Public Spending for Public Benefit, July 2005 - New Economics Foundation and Welsh Local Government Association.