

## **Inquiry into Public Procurement Policy & Practice in Northern Ireland**

Dear Sir,

I write as M.D. of Martin and Hamilton Ltd, a commercial builder to both private and public clients (e.g. schools; churches; health; heritage renovation) but not involved in commercial development of private housing, office or industrial buildings. The company is a second generation family firm based in Ballymena and working mainly within a 50 mile radius of our base. We have established a reputation for quality and integrity and retain a skilled and knowledge-based workforce in all aspects of construction. We employ 70 people, many of whom have long service. We train apprentices and have a policy of ongoing professional development for all out staff. Our turn-over last year was £13million. Traditionally, we secured work by winning on tender and providing quality work, to programme. However we are now unable to compete due to barriers in place which favour larger companies.

Firstly, the framework system is beyond our reach due to minimum turnover figures e.g. Education framework requiring an annual turnover of 35million. Taking a major area of public sector expenditure away from SME's and giving it to a small number of large corporations. Could this requirement be adjusted and the turnover figure required for admission to a list set in proportion to the cost of the contract?

In addition, the repeated preparation of quality submissions is an onerous expense for small and medium sized companies. The quality submissions requires extensive, detailed input of knowledge and expertise in a wide range of disciplines and is in essence more sales pitch than factual report. To complete the submission, a smaller firm which does not have all of this expertise in house, must engage consultants. This expense is additional to the submission and is unavoidable, regardless of the success or failure of the attempt. A polished, professional presentation is heavily weighted and crucial to a successful submission. Highly sophisticated software supplied by yet another specialist is undoubtedly impressive, but it may be argued that it is a limited relevance to the discipline of quality construction. Newer forms of contract where quality and cost submissions are marked on a weighting which favours 'quality' over 'cost' and thus gives the larger companies advantage and decreases the SME cost competitive advantage. All of the workload involved in newer tendering process has slowed the progress of projects. In this slowdown SME businesses are more vulnerable to the unpredictability of such delays and it makes business programming difficult.

Large firms have advantages in this system:

- They inevitably have a broader selection of types of past contracts on their books and so fulfil one of the core criteria for inclusion on most select lists.
- They can more readily support additional departments such as Marketing and build increasing expertise in the submission process.
- The longer the current system exists, the more advantage large firms accumulate and the gap between their capability and that of smaller firms widens. It also seems that once a firm achieves a winning formula for quality submission they can win consecutive bids. This is not beneficial for CPD or the economy.

I would argue that the present system is not providing value for money because it excludes most competitive medium sized local companies and favours a limited number of large companies.

Furthermore, it ignores the social, economic and environmental advantages of local contractors working

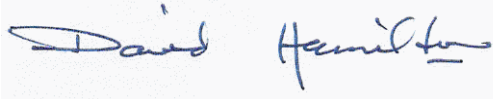
in the community, employing a local workforce, supporting the local economy and building pride in the local environmental.

Our recommendations are as follows:-

- A continuity of contracts scheduled throughout the year.
- A review of procurement marking schemes to ensure fairness regardless of company size.
- Establishment of a time schedule from inception to tender to completion.

Yours faithfully,

For Martin & Hamilton Ltd

A handwritten signature in blue ink that reads "David Hamilton". The signature is written in a cursive style with a horizontal line under the name.

**David Hamilton**  
**Managing Director**