

EU Public Procurement Directive (Public Sector) 2004/18/EC

Cost – Thousands of UK jobs

Talking Points

Costs British Jobs

The Bombardier plant in Derbyshire lost 1,400 jobs because of a train contract awarded to Siemens and not Bombardier. This was following EU procurement rules to tender projects to companies across the EU. From the [Independent](#): “Mr Hammond added that under European procurement law the Government had had no choice but to announce Siemens as the preferred bidder”

Cannot support British industry

The Directive ensures open tendering across the entire EU and so it forbids Britain from supporting British and local businesses, such as local authorities buying LDV cans for council use.

Creates uncertainty for local councils

The 2010 LGA Report into the procurement directive found that councils faced extra costs from challenges by unsuccessful tender applicants.

Incredibly complex

The LGA has published a report about the complexity of the procedures. If tendering bodies can't properly interpret and abide by the directive, it puts jobs at risk.

What is it?

A Directive to ensure fair competition on public sector tendering through the EU on purchases above set monetary thresholds. The rules apply when a public body is tendering for supplies, services or works done.

The 2004 Directive consolidates and builds on previous directives on services and works.

They aim to take into account changes to technology (electronic auctioning) and the economic changes taking place with liberalisation of European markets. It is an attempt to make the tendering process easier to understand for all parties across the European Union.

The 2004 Directive created new thresholds, in Euros and Sterling equivalents and these are amended every year to keep up with exchange rates and cover a [range of goods and services](#):

- Supplies – The purchase, hire, lease or hire-purchase of goods
- Services – The procurement of a wide range of services, professional (audit, market research, consultancy, architecture) and practical (waste disposal, cleaning)
- Works – The procurement of civil engineering and building works, PFI, PPP
- Utilities – Covers Supplies, Services and Works contracts for operators in the energy, water, transport and telecommunications sectors

The euro/Sterling thresholds for these to be tendered are reviewed bi-annually. [Calculations](#) are based on a likely spend for a particular project or, in the case of a continuous project, the likely spend requirement over 48 months.

All tender opportunities must be advertised in the Official Journal of the European Union. Public bodies have four options for tender:

1. An open process for anyone to apply
2. A restricted bid where a fixed number of applicants are accepted
3. A negotiated tender involves specialist companies in the process of providing goods or services within a very narrow field.
4. An accelerated tender involves shortening the window for bids.

Third Party Opinions

“Current EU rules are inconsistent and confusing, making it more difficult for local authorities to deliver value for money procurement.” [Cllr Dave Wilcox OBE is Chair of the Local Government Group European and International board.](#)

“France and Germany, unlike Britain, still managed to ensure that they built 100 per cent of the rolling stock for their own railways. But the report’s suggestion that Britain should learn to frame contracts to favour its own firms, as other countries do, fell on deaf ears, as the Bombardier episode shows.” Christopher Booker, the [Telegraph](#).