Improving SME Access to Public Procurement

The Government has published the outcome of its consultation on making public sector procurement more accessible to small and medium sized enterprises (SMEs). It has also published a guidance note titled “Small businesses: GREAT ambition” which contains a summary of its commitments to help small businesses grow.

The Government will introduce legislation to:

- Streamline the procurement process by abolishing Pre-Qualification Questionnaires (PQQ) for low-value contracts. From the responses to the consultation, it became apparent that many public authorities had already stopped using PQQs for contracts below the EU threshold (currently £172,514).

- Mandate the use of a standard core PQQ for high-value contracts and ensure small business needs are taken into account in the design of procurement processes.

- Make contract opportunities easier to find by making them all accessible on a single online portal, such as the existing Contracts Finder portal. Some responses suggested that the portal would need improvement to allow it to cope with significantly more traffic.

- Make sure small firms are treated fairly by mandating prompt payment terms all the way down the supply chain. As part of this measure, the Government will require all public bodies to report their procurement spend and prompt payment performance with small businesses. It was also felt that e-invoicing was an initiative that would further assist SMEs in getting prompt payment. A forthcoming EU Directive on e-invoicing, once transposed into law, will require all procuring authorities to accept e-invoicing.

In the “Small businesses: GREAT ambition” guidance note, the Government made the following additional commitments:

- 25% of central government exposure to go to SMEs by 2015 along with major changes to open up the rest of the public sector.

- A new rating service called “Spotlight” that would allow bidders to rate public bodies on their procurement credentials and for public bodies to rate their suppliers. This would allow bidders to build their reputation.
Launch of a new service, Solutions Exchange, to help public sector organisations to go to the market to ask for ideas and solutions to problems before a formal procurement. The service will also provide an opportunity for SMEs to pitch innovative proposals to Government.

The Mystery Shopper scheme would be extended so that it not only investigates reports of unfair treatment but also carries out spot-checks to ensure that public bodies are carrying out an SME friendly procurement process.

The Government has made substantial commitments to ensure that SMEs have better access to public sector procurement and to reduce red tape and bureaucracy. It remains to be seen whether the Government can fulfil these promises, how long it will take for them to be put into effect and the actual impact the proposals will have on SMEs winning public sector work. However, for now, this is very good news for smaller businesses.

The Government’s analysis of responses to its consultation on making public sector procurement more accessible to SMEs is available [here](#). The “Small business: GREAT ambition” guidance note is available [here](#).

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