



Department for International Trade

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The Baroness Neville-Rolfe DBE CMG
House of Lords
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29th January 2019

Dear Baroness Neville-Rolfe,

I am writing to you today as you requested an explanation from the Government on the work being done to improve policies and practices in procurement in order to encourage wins from small and medium sized enterprises (SMEs). In particular, you asked for some further information on how procurement rules could be simplified to encourage bids from SMEs.

We have already taken significant steps to simplify procurement for SMEs by reducing bureaucracy, making opportunities visible on our free-to-access site Contracts Finder, introducing a mechanism through which suppliers can flag instances of poor procurement practice, and taking action to promote SMEs in Government's supply chains by requiring sub-contracting opportunities to be advertised, spend with SMEs to be reported and a prime contractor's record on prompt payment to be taken into account when bidding for Government contracts. I hope that this explanation and my answer in the House was able to provide assurance that the growth of SMEs and the Government's commitment to 33% of procurement wins to SMEs by the end of this Parliament demonstrate it is of the utmost importance.

I can also confirm that this Government is considering how we will use opportunities offered by our exit from the EU to consider carefully longer-term options for reforming the procurement rules. However, we cannot provide details about the possible outcomes at this stage as we are very much at the start of the process. We would, of course, consult stakeholders if there were to be a programme to reform the public procurement rules.

As I stated in the House during the debate, we will extend the requirements of the 2012 Social Value Act in central government to ensure all major procurements explicitly evaluate social value where appropriate, rather than just 'consider' it. We will also require all departments to report on the social impact of major new procurements, and we will train all 4,000 commercial buyers how to take account of social value and procure successfully from social enterprises.

I hope I have provided reassurance to you that this is an area where government policy is being driven forward and we will be assessing the ways in which procurement rules changes can be for the benefit of SMEs. My officials and I stand ready to answer any further questions you may have.

I am copying this letter to Lord Stevenson of Balmacara and Lord Purvis of Tweed. I am also placing a copy of this letter in the libraries of both Houses.



Baroness Fairhead

Minister of State for Trade and Export Promotion
Department for International Trade