



HOUSE OF COMMONS

LONDON SW1A 0AA

Ruth Ross
Shropshire Chamber of Commerce
Trevithick House
Stafford Park
Telford
Shropshire
TF3 3BA

23rd May 2025

Dear Ruth,

Thank you for reaching out to me to raise the important issue of public procurement regarding local SMEs.

SME public procurement is a vital driver of economic growth in Telford, fostering innovation, job creation, and local investment. With the Procurement Act 2023, small businesses now have greater access to government contracts, ensuring that local enterprises can compete fairly for public sector opportunities. This benefits Telford by keeping spending within the community, supporting local employment, and strengthening supply chains.

I support the UK government's ongoing efforts to assist small and medium-sized enterprises (SMEs) in accessing public procurement opportunities. Recognising the vital role SMEs play in driving economic growth and innovation, I encourage the government in their implementation of several measures to ensure fair and increased participation in public sector contracts.

The Procurement Act 2023, which came into effect in February 2025, introduces significant reforms aimed at reducing barriers for SMEs. These include:

- **Mandatory SME Spend Targets:** All central government departments, executive agencies, and non-departmental public bodies must set a three-year target for direct spend with SMEs from April 2025 and report results annually.
- **Simplified Procurement Processes:** The Act removes unnecessary burdens, such as requiring SMEs to have insurance in place before contract awards and ensures greater visibility of upcoming opportunities.
- **Improved Payment Terms:** The government mandates 30-day payment terms throughout the public sector supply chain to enhance cash flow for SMEs.
- **Support for Local Businesses:** New procurement models, such as Dynamic Purchasing Systems (DPS), allow SMEs to join supply chains at any time, making contracts more accessible.
- **Social Value Considerations:** The government is reforming how social value is assessed in procurement, ensuring that SMEs benefit from contracts that align with sustainability and community-building goals.

For SMEs in Telford and Shropshire, these reforms present significant opportunities. Local authorities, including Shropshire Council, are actively implementing the new procurement framework to make bidding more accessible. The central digital platform introduced under the Act will allow businesses in the region to register their details once and use them for multiple bids, streamlining the process.

Additionally, the Building Beyond Price – Social Value & the Procurement Act event in Telford is helping local SMEs understand how social value considerations will shape procurement decisions. This shift means that contracts will not be awarded solely based on cost but will also consider contributions to the local economy, employment, and sustainability.

These measures reflect the government's commitment to fostering a more inclusive and competitive procurement landscape, ensuring that SMEs in Telford and Shropshire have the opportunity to thrive within public sector supply chains.

Should you require further details or assistance in accessing procurement opportunities, please do not hesitate to reach out.

Yours sincerely,

Shaun Davies MP
Member of Parliament for Telford