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Parliamentary Secretary
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Helen Morgan MP
House of Commons
London
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Our reference: MC2025/08803

By email: helen.morgan.mp@parliament.uk

7 July 2025

Dear Helen,

Thank you for your letter of 30 May 2025 addressed to Rt Hon Pat McFadden regarding small and medium-sized businesses (SMEs) accessing public procurement opportunities and for highlighting the particular issues faced by these businesses that are based in rural areas. I am replying as the minister responsible for public procurement.

As your letter rightly points out, for too long, small and medium-sized enterprises and voluntary, community and social enterprises (VCSEs) have been held back by government procurement processes that are too slow, bureaucratic, and difficult to navigate.

SMEs have told us that the bidding process can be overly complicated and too costly with the time and resources it takes to bid.

As well as simplifying the regime and increasing transparency, through the Procurement Act we have already banned some common barriers that SMEs historically faced - such as requiring expensive insurance to be in place before the award of a contract and asking for audited accounts of small businesses where they are not legally required to provide them due to their size etc, but there is still more to do and we must focus on delivering across the public sector the new flexibilities in the Act to ensure SMEs bid and successfully win work.

In central government, we have also announced new rules to drive greater transparency and accountability for increasing numbers of SMEs and VCSEs delivering public contracts. From 1 April 2025 central government departments must set three-year targets for direct spend with SMEs, and from 1 April 2026 for VCSEs, and to publish progress annually.

In addition, every Government department publishes an SME Action Plan which sets out the steps they are taking to open up their procurement opportunities to SMEs and how SMEs can engage with them, which includes information on future events and opportunities.

This Government recognises the challenges facing SMEs in communities across the country, such as Shropshire in your constituency. The National Procurement Policy Statement (NPPS), which sets out the Government's strategic priorities for procurement, includes an expectation for all public bodies to maximise spend with SMEs and VCSEs to support economic growth. It stresses that public procurement should drive sustainable economic growth and benefit local communities. Implemented in February, the NPPS will allow public contracting authorities (like those in Shropshire) to use procurement for the benefit of the county.

The Procurement Act also allows for below threshold procurements to be reserved by supplier location to county level where this would tackle economic inequality or support local recruitment, training, skills and investment.

To increase SME engagement in public procurement, we have hosted a series of supplier webinars and published instructional videos and user-manuals, aimed specifically at suppliers, to help them understand the key changes in the Act including how to use the new central digital platform - working with trade associations and other business representative organisations to help distribute the materials.

The Central Digital Platform allows SMEs to upload their details once, and only once. It enables suppliers to see all opportunities including pipelines in one place allowing them to gear up to bid (alone or as a consortia). This will simplify the process for smaller suppliers and reduce the time and resources taken to complete new bids, levelling the playing field with larger companies

We recognise that it may take time for all SMEs to see the benefits. A culture change is happening alongside the policy and legislative changes through training and communities of practice but we will not stop here.

I am also pleased to let you know that the Government has recently commenced a consultation outlining our plans for further reforms to public procurement aimed at strengthening British industry, creating jobs, and enhancing skills. The proposals in this consultation aim to build on the changes introduced in the Procurement Act 2023 to ensure that public procurement plays its full role in delivering the Government's industrial strategy and fostering a resilient economy that supports British businesses and creates good jobs in communities across the country. The consultation includes specific proposals to open up more opportunities for small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs), which are vital for driving the UK economy.

More information on the consultation and details of how you can respond are available at: <https://www.gov.uk/government/consultations/public-procurement-growing-british-industry-jobs-and-skills-consultation-on-further-reforms-to-public-procurement>

The consultation closes at 5pm on 5 September 2025.

Thank you for taking the time to write about these important matters.

Yours sincerely,

A handwritten signature in black ink that reads "Georgia Gould". The signature is written in a cursive, flowing style.

**Georgia Gould MP
PARLIAMENTARY SECRETARY**