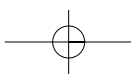
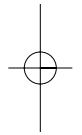
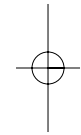
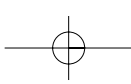


# Contents

1. Forewords	3
2. Introduction	6
3. Full list of recommendations	11
4. Public sector procurement: an overview	14
5. Previous and current studies into procuring from small and medium-sized enterprises	16
6. Access to contract information	18
7. Supporting small and medium-sized enterprises in selling to the public sector	24
8. Reducing the paperwork	27
9. Debriefing	30
10. Payment	31
11. E-procurement	33
12. General barriers preventing the participation of small and medium-sized enterprises in the public sector market	34
13. Raising the profile of procuring from small and medium-sized enterprises	39
Annexes	
A The Better Regulation Task Force and its approach	43
B The Small Business Council and its approach	44
C Sub-group members	45
D Principles of Good Regulation	46
E Contributors to the Report	48
F Website addresses	50
G Task Force Publications	51



# 1. Foreword by David Arculus and William Sargent

This review is the first on which the Better Regulation Task Force and the Small Business Council have joined forces. We have common interests, and we agreed to build on this by collaborating on a study.

We are both working to counter excessive burdens on small businesses. Small businesses are hugely important to the economy and we want to eliminate obstacles that may prevent them from playing as full a part as possible. We decided to consider together the barriers that small and medium-sized enterprises face in doing business with the public sector. In doing so we have also considered the wider benefits to the economy of procuring from small and medium-sized enterprises.

Small businesses are often described as the engine of the economy. So we were surprised at the extent to which they are overlooked in public sector procurement. To exclude them or to make it difficult for them to compete in public sector markets makes no sense at all, particularly when the Government spends £2.5 billion annually on small business support services. Including tax reliefs and grants the Government spends around £8 billion in total on supporting small firms. What it gives with one hand it effectively takes away with the other by denying small firms opportunities to sell to the public sector.

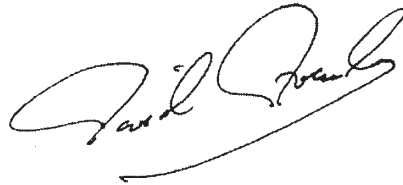
We should not underestimate the economic power of a government contract and the disproportionately positive impact this has on smaller firms. It can give a firm greater credibility in the eyes of potential customers and help it to grow. That is why the Government needs to ensure opening up the public sector market to small and medium-sized enterprises is central to its strategy for promoting small business growth. Increased participation by small businesses in the public sector market is more likely to lead to sustainable business growth than navigating the often confusing array of business support initiatives on offer.

Small and medium-sized enterprises can help boost productivity by increasing competitive pressures within the economy. This will help secure value for money in public sector procurement. As the Government said in its Pre-Budget Report in 2002, "for procurement, ensuring value for money and encouraging strong competition go hand in hand".

Both the Task Force and the Small Business Council prioritise their work on those issues that contribute most to improving UK productivity. The public sector is likely to be the key area of growth in the UK economy over the coming years. So we were pleased that Gordon Brown recognised in his Budget this year just how important it is to improve smaller firms' access to public sector contracts.

We shared some of the emerging findings and recommendations in this report with Gordon Brown. We are delighted that he announced even before we had finalised and published the report that the Government would implement three of our

recommendations. We urge the Government to implement all the recommendations we make in this report, because they will help to improve productivity and at the same time secure better value for money in public sector procurement.



David Arculus, Chair of the Better Regulation Task Force



William Sargent, Chair of the Small Business Council

## Foreword by Teresa Graham

We announced the start of this review last September. We were struck immediately by the huge response from small firms keen to be involved. We knew then that we had touched on something that was causing small firms a great deal of frustration.

It has caused us a great deal of frustration too! The solutions to many of the problems we found are already out there being applied, but only in a few local authorities and a few Government Departments. It isn't enough, not nearly enough. There needs to be a push from the highest level in Government to make sure that this good practice becomes common practice across the whole of the public sector. So that government doesn't make small firms jump through needless hoops to even get a sniff of a contract. So that it takes them just as seriously as it takes larger suppliers.

The perception in the public sector that procuring from small firms is risky struck me as a major obstacle. There is a fear that because a business is small it is less likely to deliver. As well as accepting and acting on the practical recommendations that we have put forward to create a more level playing-field for small and medium-sized enterprises, we hope the Government will consider how it can address the "risk factor". There is a real need to move away from "nobody ever got sacked for buying IBM", to a culture that rewards measured and managed risk taking in procurement that results in better value for money. Procurement is not a job for amateurs. It needs professionals, as both the Office of Government Commerce and the Local Government Association are at pains to stress. But there are still too

many untrained procurers in the public sector.

It's time the public sector recognised what the private sector already knows. Small businesses can often offer more innovative solutions and yes they can offer better value for money. Give them a chance! Or suffer the economic consequences of ignoring them – reduced competition, reduced productivity and reduced value for money in public sector procurement.



Teresa Graham  
Sub-group Chair

## 2 Introduction

### 2.1 What the review considers

This review considers the difficulties that small and medium-sized firms face in doing business with the public sector - from procurement to payment. It looks at how both central and local governments' procurement processes match up to the Better Regulation Task Force's Principles of Good Regulation:

- Proportionality
- Accountability
- Consistency
- Transparency
- Targeting

Our report does not seek to favour smaller firms over larger firms; rather it makes recommendations that aim to ensure a level playing-field so that smaller firms can gain a fair share of the public sector market place. Our review is set within the overall context of ensuring value for money in public sector procurement.

Our aim is that the recommendations should both ensure value for money in procurement and remove barriers that prevent small and medium-sized enterprises from competing for and winning contracts on equal terms.

### 2.2 Our approach

In the course of our work we gathered a great deal of information from many sources. We spoke to:

- Small and medium-sized enterprises and their representative organisations;
- Procurement specialists in both local and central government;
- Government Departments;
- The Small Business Service;
- The Office of Government Commerce (OGC);
- The Local Government Association (LGA);
- The Improvement and Development Agency (IDeA);
- The National Audit Office; (NAO)
- The Audit Commission;
- Regional Development Agencies (RDAs);
- Business Links Operators.

We also received numerous written submissions.

Annex E gives a list of those who contributed to the report. We are grateful to them for their input.

## 2.3 Key themes emerging from the review

The Government wants to see dynamic competitive markets operating throughout the economy. Strong competition encourages firms to bear down on costs and improve their efficiency, thereby enhancing their competitiveness at home and abroad. In markets where the Government is a major procurer of goods and services, its own actions may greatly influence how the market operates and therefore impact on competition and on the long-term value for money it can secure. So for procurement, ensuring value for money and encouraging strong competition go hand in hand.

[Pre-Budget Report, November 2002]

Two of the most significant issues that came out of this study are:

- the extent to which small business participation in the public sector market should benefit the economy as a whole; and
- the extent to which the perceived risk of procuring from small businesses can work against this.

### 2.3.1 *The economic argument for supporting small and medium-sized enterprises in selling to the public sector*

The Government's key aim in procurement is to obtain value for money at both a central and local level. We support this objective. However, the way Government goes about this can disadvantage small and medium-sized enterprises and may not provide value for money in the long term.

The focus on achieving value for money tends to be on bulk buying with Departments and local authorities banding together to become "super purchasers" to achieve economies of scale. There is also a growing tendency for the public sector to rationalise its supplier base, dealing with one prime contractor who then may or may not subcontract to others.

There is little doubt that in the short term this type of procurement strategy can ensure value for money in many markets by bringing economies of scale and by reducing transaction and contract management costs. But it is often difficult for small firms to participate.

We question whether this trend towards aggregation to achieve value for money is a viable strategy in the long term. Bigger contracts mean fewer suppliers. A smaller supplier base may eventually lead to reduced competition as fewer suppliers enter the market. Whereas a wider, more diverse supplier base could help to ensure a competitive market for the future, facilitating value for money in the long term.

For some markets buying big may not be a viable strategy in the short term either. Many of the stakeholders we spoke to, including procurers, felt that small firms often had the advantage over large companies because they are more likely to offer:

- innovative solutions and products;
- better customer care and after-sales service;
- a more flexible and responsive approach to changing needs; and
- local access and, therefore, a speedier response.

"The reasons we won our contract at Birmingham City Council are:

- Innovation (a different approach to the 'conventional wisdom');
- Understanding and empathy with customer requirements;
- Flexibility of approach, technically and commercially (some of this stems from the innovation);
- Sharp focus on public sector customer relationship management (our competitors are more generalists);
- Our FrontLine solution is highly tailored to the client's real needs (not an inflexible and prescriptive 'we know what is best for you' attitude);
- Competitive pricing."

[SME, February 2003]

A procurement strategy that disadvantages small and medium-sized enterprises does not make good economic sense for UK plc.

There are around 3.75 million small and medium-sized enterprises, of which 1.5 million are sole traders, in the UK. This represents 99% of UK businesses. At the start of 2000 the sector accounted for £1 trillion (or 50% of UK turnover)<sup>1</sup>. Small firms therefore make an invaluable contribution to the wider economy, adding significantly to employment and growth. Small and medium-sized enterprises can help boost productivity by increasing competitive pressures within the economy, forcing established firms to increase their efficiency in order to stay in the market. So it makes sound economic sense for the country as a whole to encourage their participation in a multi-billion pound public sector market.

The way to do this to is to challenge the perceived wisdom that bigger is always better, and, having done so, to consider how to ensure that small and medium-sized enterprises are not excluded from relevant contracts through disproportionate costly processes. Another important part of the solution will be to make lower value

contracts (those beneath the EU threshold at which contracts must be advertised) more accessible to small firms so they can first establish a foothold in the public sector market. This will bring benefits to the country as a whole by increasing competition and productivity. But it is important also to recognise that many small and medium-sized enterprises can successfully deliver contracts far in excess of the EU thresholds.

The European Commission has also expressed concern that the public sector market may not be as accessible as it should be to small and medium-sized enterprises. It commissioned research in February 2003 on access to public contracts for small and medium-sized enterprises.<sup>2</sup> The Commission's aim is to boost competition in the public procurement market. It has called for "greater participation by small and medium-sized enterprises with a view to strengthening their competitiveness and enabling them to contribute more towards growth, employment and competitiveness in the European Economy".

We recognise that the failure to procure goods and services cost effectively may jeopardise the delivery of some of

<sup>1</sup> Small Business Service

<sup>2</sup> Proposal for a study on access to public contracts for small and medium-sized enterprises (No ENTR02/01)

the Government's key objectives and services. The Office of Government Commerce (OGC) is leading the way in improving procurement practice. It had a target last year to achieve savings in procurement of £1 billion by the end of 2002-2003. We recognise that to achieve this target, the OGC has to encourage procurement strategies that achieve economies of scale. The challenge now is for OGC to ensure that these procurement strategies do

not shut out smaller firms where they can offer better value for money.

The Government spends £2.5 billion annually on services for small businesses<sup>3</sup>. We should like to see a more holistic approach from government in its dealings with the small business sector. There is little point in spending billions on support services and at the same time making it difficult for small firms to enter the public sector market place.

### 2.3.2 Risk

"We were invited by NHS Purchasing and Supply Agency to tender for the supply of sterilizers, but haven't got a single contract despite being the cheapest bid. Individual hospital trusts take advice from an "Approved Person" (consultants) on contracts. In September 2002 an "Approved Person" told us that he was not advising Trusts to place orders with us because we were a 'young' company. We already supply the Welsh and Scottish NHS. Apparently a key factor in scoring tenders was the number of sterilizers supplied to the NHS in the past, favouring old incumbent suppliers."  
[SME, November 2002]

We have found the perceived risk of procuring from smaller firms to be a major factor preventing them from gaining access to public sector markets.

Procuring from smaller firms is perceived as a far greater risk than procuring from larger companies. So procurers tend to go with the "big safe name", even though this strategy clearly does not insure against high costs, poor performance and delays – as OGC Gateway Reviews and National Audit Office (NAO) investigations have shown.

We have discovered the "big safe name" may well subcontract the entire job to a smaller firm, which can increase dramatically the cost to the public sector as the example in the box

on the next page shows. This hardly represents value for money.

Better training in procurement will help reduce risk aversion to some extent. Since 1990 central government has run a benchmark professional qualification for staff in designated procurement posts, called the Certificate of Competence in Purchasing and Supply, and this is accredited by the Chartered Institute of Purchasing and Supply. More recently OGC launched its Successful Delivery Skills programme which is designed to enable Government departments to skill those responsible for the delivery of major, novel and complex projects. It goes wider than procurement, covering a wide range of commercial skills, and risk management features strongly in several areas of the programme.

<sup>3</sup> Enterprise Britain: a modern approach to meeting the enterprise challenge, HM Treasury November 2002

Local government has further to go in developing a more professional approach to procurement. However, the Improvement and Development Agency (IDeA) is working on a skills framework for procurers. We expect this to include risk management. In addition, Ian Byatt, in his report on local government procurement, "Delivering Better Services for Citizens" (see paragraph 4.4), recommended that local authorities should develop a corporate procurement function to oversee training and act as an internal source of expertise. We endorse this recommendation.<sup>4</sup>

Better training will help, but it will not solve the problem of risk aversion entirely. There needs to be a culture change in both central and local government. The "nobody was ever sacked for buying IBM" mentality needs to be replaced by a more positive reward system for procurers who take measured and managed risks to successfully procure from small and medium-sized enterprises and by doing so obtain better value for money.

"We were told we were too small to carry out the piece of work so we got a much larger competitor who could not do the work to bid on our behalf. The contract was awarded at 300% more than we originally quoted but Government was happy because they had 'bought IBM'."  
[SME, November 2002]

#### 2.4 Structure of the report

The report is structured in 3 parts.

The first part of the report examines specific barriers associated with key stages in the procurement process from finding out about contracts in the first place through to payment. Within this we look at the disproportionate costs that small firms incur when bidding for public sector work. We also consider the support the Government can give small and medium-sized enterprises in helping them break into the public sector market. In addition we consider the likely impact of e-procurement on small and medium-sized enterprises.

The second part of the report looks at the more general barriers that prevent smaller firms' access to public sector markets, such as the increasing trend

towards framework agreements and aggregating contracts.

The third and final part of the report focuses on the need to raise the profile within the public sector of the benefits of procuring from small and medium-sized enterprises. In short, how can we make sure that public sector procurement strategies encourage the participation of small and medium-sized enterprises?

<sup>4</sup> Delivering Better Services for Citizens: A review of local government procurement in England, Department of Transport Local Government and the Region and the Local Government Association, June 2001

## 3 Full list of recommendations

### **Recommendation 1**

The DTI should ensure adequate resources for the "Supplying Government" web portal project. The portal should advertise lower value contracts from across central government and include information on future contract opportunities. There should be a named contact for each advertised contract. The portal should be set up and piloted by spring 2005.

### **Recommendation 2**

The Office of the Deputy Prime Minister and the Local Government Association should encourage local authorities to develop "selling to the council" websites by 2005. Websites should include information on contracts for tender, forthcoming contract opportunities and guidance on how to do business with the council. There should be a named contact for each advertised contract.

### **Recommendation 3**

Within the context of small business support, the Small Business Service should provide advice and training for small and medium-sized enterprises on how to do business with central government and local councils. The Business Links Operators should deliver this by spring 2004.

### **Recommendation 4**

Regional Development Agencies should ensure by spring 2004 that, as part of the supply chain development work for which they are already funded, they work with prime public sector contractors to develop opportunities for small and medium-sized enterprises.

### **Recommendation 5**

The public sector should develop a common core pre-qualification information document for lower value contracts so that businesses do not have to put together different information in different formats to get past the expression of interest stage. The Office of Government Commerce and the Office of the Deputy Prime Minister working with the Local Government Association should develop and pilot this by spring 2004.

### **Recommendation 6**

The Small Business Service should publicise the mechanism for reporting non-compliance with the Office of Government Commerce "Government Procurement Code of Good Practice"

that firms can use to ensure that they receive adequate debriefing.

#### **Recommendation 7**

The Office of Government Commerce, the Office of the Deputy Prime Minister with the Local Government Association should consider how to promote the wider use of the Government Procurement Card, recently extended by the Office of Government Commerce, to include local authorities and other non central civil Government bodies, in order to improve prompt payment by the end of 2003.

#### **Recommendation 8**

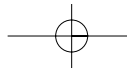
The Office of Fair Trading should carry out research to identify the characteristics of those markets where it is important to ensure that small and medium-sized enterprises are able to compete to ensure competition, particularly where this may have an impact on innovation and value for money achieved by public sector procurement. Within this, it should also assess the impact of framework agreements and contract aggregation on small and medium-sized enterprises. This research should be carried out by the end of 2003.

#### **Recommendation 9**

Where public sector procurers opt for prime contractors, they should ensure that their business case for doing so in those particular markets brings value for money.

Public sector procurers should ask prime contractors during the procurement process to demonstrate their track record in achieving value for money through effective use of their supply chain – including use of small and medium-sized enterprises. This should also be examined as part of the on-going contract management. Public sector procurers should ensure that prime contractors pay subcontractors on time and that when paying progress payments to prime contractors the payments flow down through the supply chain.

In order to make subcontracting opportunities more transparent to small and medium-sized enterprises, Government Departments and local authorities should list details of prime contractors and contracts on their websites.



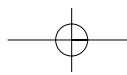
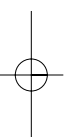
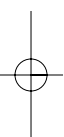
### **Recommendation 10**

The Local Government Procurement Forum, with input from the Small Business Service, should develop an SME-friendly procurement concordat. All local authorities should be able to sign up to this by 2005.

### **Recommendation 11**

The Office of the Deputy Prime Minister and the Local Government Association should encourage local authorities to set out in their procurement strategies the steps they are taking to engage with small and medium-sized enterprises by the end of 2003.

Government Departments should include in their procurement policy statements the steps they take to engage with small and medium-sized enterprises by the end of 2003 or publish this information in their annual reports.



## 4 Public sector procurement: an overview

### 4.1 Central government procurement

Each Government Department is responsible for its own procurement. Some Departments have a central procurement unit which handles strategic or organisation-wide contracts and also sets the policy for other staff in the Department who are not specialists and procure on an ad-hoc basis. The National Health Service (NHS) model with the Purchasing and Supply Agency (PASA) in the central role is slightly different, as are the Ministry of Defence's (MoD) procurement organisations.

### 4.2 The Office of Government Commerce (OGC)

The OGC was established following a review of civil procurement in central government in 1999. The review found a lack of consistency in procurement practices across Government with a huge gap between the best and the worst performers. The OGC was created to lead a wide-ranging programme to modernise procurement in central civil government. Its remit, within central government, does not extend to the MoD or the NHS, though it works closely with both.

The OGC's role is to encourage best practice, which it does chiefly through guidance and advice. It has no formal mechanism for ensuring Departments follow its guidance, though as an office of the Treasury it does wield considerable influence. One of its primary aims is to enable Departments to get value for money when procuring. In order to promote value for money, OGC advocates procurement strategies, such as the aggregation of contracts or collaboration between Departments, and mechanisms such as framework agreements. (Framework

agreements are discussed in more detail in paragraph 12.2). These can make it more difficult for small firms to participate.

### 4.3 Local government procurement

Each local authority is responsible for its own procurement. Again the model varies from local authority to local authority. Some authorities have a corporate procurement unit which develops the strategy for the council and acts as a focal point of expertise and advice. Others have a contracts compliance unit where the focus is on ensuring that contracts meet the council's specifications, rather than on procurement strategy.

The key players in improving procurement in local government are the Local Government Association (LGA), the Office of the Deputy Prime Minister (ODPM), the Public Private Partnerships Programme and the Improvement and Development Agency (IDeA). The IDeA was established by and for local government in April 1999. Its mission is to "support self-sustaining improvement from within local government". Its key aims are to:

- deliver practical solutions to improve local government performance;
- develop innovative approaches to ensure the transfer of knowledge within local government; and
- act on behalf of local government as a whole, building new platforms for joined-up locally delivered services.

IDeA Procurement was launched in July 2002 in response to the Byatt Report "Delivering Better Services to Citizens, 2001" (see paragraph 4.4).

It provides a free advisory service to local authorities on procurement, including a procurement fitness check, and offers supplementary services on a consultancy basis. It seeks to improve procurement practice across local government by providing guidance, advice and spreading best practice. Again its focus tends to be on encouraging collaboration between councils to increase buying power. Small firms rarely feature in its guidance, though IDeA did distribute the OGC/Small Business Service guidance, "Smaller Supplier.... Better Value?", to local authorities.

#### 4.4 The Byatt Report

In June 2001 Ian Byatt published his report on local government procurement which sets out 39 specific recommendations to improve procurement practices. It has succeeded in raising the issue of procurement up the local authority agenda. The focus of the report is on a more strategic approach to procurement and achieving value for money by aggregating and bundling contracts.

In July 2002 the ODPM and the LGA issued a joint response that pledged to create a forum to develop a national strategy for local government procurement. The forum held its first meeting in November 2002. We hope that some of the recommendations in this report will feed into the work of the forum and the national strategy.

## 5 Previous and current studies into procuring from small and medium-sized enterprises

### 5.1 The Treasury Select Committee's Inquiry into the OGC

When we first embarked on this study we quickly became aware that we were not the first to consider the barriers small firms face in doing business with the public sector. We should like to have been the last. But we already know that we are not! We should at least like to see the recommendations in this report accepted and implemented before another review takes place.

In October 2001 the Treasury Select Committee scrutinised the work of the OGC and took evidence from the British Chambers of Commerce (BCC). The BCC suggested 10 solutions to enable small firms to gain access to the public sector market place. These included:

- training seminars for small businesses;
- a central clearing house for contracts beneath the EU threshold at which contracts must be advertised; and
- developing a standard format for information requests from suppliers.

Unfortunately the Select Committee made no recommendations in relation to small firms and procurement and many of the problems identified by the BCC remain.

### 5.2 Small Business Service and OGC research

In January 2002 the Small Business Service and the OGC carried out research aimed at identifying the barriers faced by small firms when attempting to sell to government. As well as surveying suppliers, OGC and the Small Business Service funded

some research into the views of public sector buyers, and the findings of this were published in a report, "SMEs and Public Sector Procurement".<sup>5</sup> This report identified that:

- small firms need training to improve their ability to bid for and win public sector contracts;
- government should be more proactive in ensuring that prime contractors engage and manage subcontractors to stimulate competition and value for money; and
- government should set up clear mechanisms through which suppliers can communicate innovative ideas and services.

The Small Business Service and OGC developed an action plan to take forward the various recommendations arising from the research. As part of this action plan they have already published and distributed widely a booklet and video on engaging with small and medium-sized enterprises entitled "Smaller Supplier... Better Value?" to public sector procurers. They had previously published guidance to small and medium-sized enterprises entitled "Tendering for Government Contracts" and have now updated this and published it on the new "Supplying Government" web portal at [www.supplyinggovernment.gov.uk](http://www.supplyinggovernment.gov.uk).

They have also carried out some early research into the use of framework agreements in government, and are in the process of a study investigating how government can better capture innovation in its dealings with suppliers of all sizes, including small firms. (Framework agreements are discussed in more detail in paragraph 12.2).

<sup>5</sup> SMEs and Public Sector Procurement. Report to the Small Business Service, Peter Smith, Adam Hobbs, January 2002

However, much of what the Small Business Service and OGC found in their research mirrors what we found during our investigations a year later, indicating that progress is slow.

### **5.3 Cabinet Office and OGC procurement project**

Many of the barriers encountered by small firms during the procurement process are also a problem for larger firms. The difference is larger companies have the resources to deal with them more effectively.

The Cabinet Office's Regulatory Impact Unit is currently working with the OGC on a project to reduce bureaucracy and red tape in public sector procurement. The objective is to reduce the cost and the time it takes to do business with the public sector and thereby increase value for money. Work will focus on simplifying processes, systems and practices and also on systemic causes of bureaucracy and red tape.

We expect that some of the recommendations we make in this report could also be beneficial to larger companies. We suggest that the Cabinet Office Regulatory Impact Unit and the OGC, during their review of public sector procurement, consider how the recommendations in this report may be applied more widely to reduce the burdens on all those doing business with the public sector.

## 6 Access to contract information

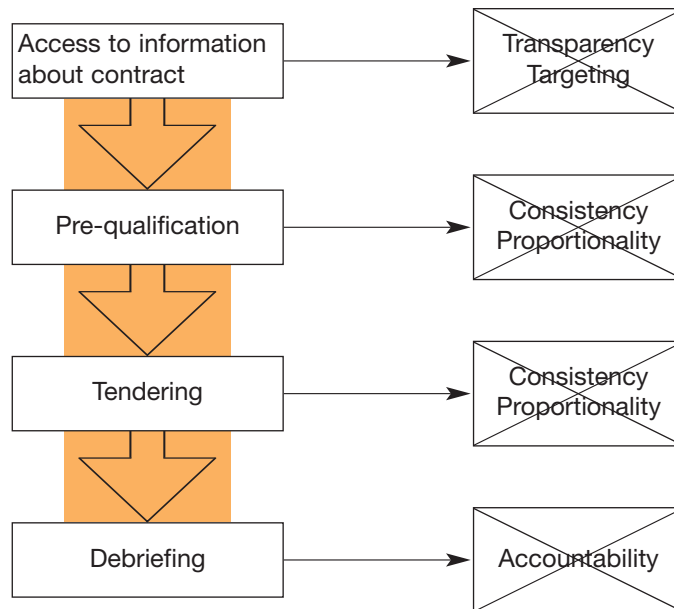
### 6.1 The procurement process

In this section of the report we trace the key stages in the procurement process that present particular barriers to small and medium-sized enterprises. We consider how Government could support them in gaining a fairer share of the public sector market and look at the likely impact of e-procurement on smaller firms.

#### The small business perspective on how the procurement process meets the principles of good regulation

Key stages in the public sector procurement process

The principles of good regulation



"Over 60% of respondents said that it was difficult to find information about tenders and nearly 70% complained that it was difficult to make contacts in the public sector." [Survey of SMEs carried out by Tenders Direct and OGC in August 2002].

### 6.2 The public sector market

Almost all the small firms we spoke to emphasised how difficult it is to find out about contract opportunities, especially those below the EU thresholds. This part of the procurement process fails to meet the Task Force's principles of **transparency and targeting**.

For small and medium-sized enterprises to break into the public sector market there needs to be greater openness about lower value contract opportunities. Small firms can cut their teeth on these smaller value contracts, gain confidence in dealing with the public sector, thereby helping them to grow, resulting in increased competition

and productivity for the country as a whole. Alongside this, there also needs to be a greater willingness to consider small firms for larger value contracts.

The OGC estimates that central civil Government spends around £13 billion on products and services annually; of which approximately 15% (£2 billion) goes on contracts below the EU threshold. Estimates of local authorities' procurement spending varies according to the definitions used. The Byatt report quotes that total non-pay revenue expenditure by local authorities in England for 1998/99 was £42.2 billion. The NHS and MoD spend around £11 billion and £10 billion respectively each year.

"I find government body procedures labyrinthine and impenetrable so would avoid seeking business with them".  
[SME, September 2002]

### 6.3 EU procurement rules

All public sector procurement contracts within the European Union are covered by an EU Treaty, regardless of their value. The Treaty sets down principles to prevent member states from discriminating against firms and restricting the free movement of goods and services.

The principles of the Treaty are backed up by a series of EU procurement directives, which have been implemented in UK regulation, the most important of which is a requirement to put out to tender contracts with an estimated value above a set limit. This

equates roughly to contracts worth more than £100,000 of services and supplies and £3.8 million of works for central government and £150,000 of services and supplies and £3.8 million of works for local government.

Almost all public procurement contracts (there are a few exceptions) for business worth more than the EU limit must be published in the Official Journal of the European Union (OJEU). Higher value contract opportunities are transparent, though it must be said that OJEU and its online version are not easy to navigate. However, some Business Link Operators, European

Information Centres and some commercial operators operate tender advertising and matching services.

There is no legal requirement to tender contracts below the EU limit although Government procurement policy requires central Government bodies to ensure that all contracts are awarded on the basis of value for money, normally through competition. Departments will have their own rules for meeting these requirements. We believe these lower value contracts should be made more accessible to small and medium-sized enterprises. We are encouraged by some of the work going on in central and local government to do this, which we describe in the next section.

#### 6.4 Central government

The Small Business Service and OGC have already launched a "Supplying Government" web portal [www.supplyinggovernment.gov.uk](http://www.supplyinggovernment.gov.uk) which provides help and advice to suppliers on tendering for government contracts and links to other Departments' procurement web pages. There are plans to develop further the portal to provide:

- a facility for Government Departments to advertise lower value contracts;
- an on-line service for suppliers to register interest in government opportunities; and
- a contract alert service to inform suppliers about relevant opportunities.

This is an ambitious project. It will require a great deal of marketing within Government Departments to persuade them to use it, and among suppliers to encourage them to sign up. It will require buy-in at the highest level from Departments. But if successful, it will provide a single point of entry for suppliers doing business with central government and access to lower value contract opportunities. As well as benefiting small firms, it should lead to a more competitive supplier base, improving value for money in government procurement, as it will give government the access it needs to the huge small firms supplier base.

The portal should reduce the time procurers take to assemble tender lists by giving them access to a database of information about relevant suppliers. From the database they will be able to identify a broad range of suppliers who are interested in particular service categories and geographical areas.

The portal is in its early stages of development and the Small Business Service and the OGC have yet to secure funding for the entire project. We call on the Government to ensure adequate resources are made available for the entire project, in particular to facilitate an on-line service for suppliers to register their interest in government contracts and to provide a facility for Government Departments to advertise lower value contracts.

A Welsh national procurement website, due to be launched in June 2003, will advertise contracts below and above the OJEU threshold for 96 public sector bodies in Wales. Buyers will supply the information on tenders along with a named contact point for suppliers.

During our research we came across a number of small firms that had innovative products that they wished to market to Government. Some asserted that their products could potentially save Government millions of pounds, but they were unable to find their way in to sell their product. One small firm we heard about was battling to sell a new blood-flow monitor into the NHS, and asserted that this could save £2 billion a year. We have no way of knowing whether the projected saving is accurate, but neither has the NHS because the firm cannot find its way in to market its product.

We should like to see the Small Business Service/OGC web portal include a point of access for those seeking to market innovative products to Government. We understand that the portal is in its early stages of development and that the priority areas for development will be the facility for firms to register an interest in government contracts and for Departments to advertise their lower value contracts. But once these are in place we should like the web portal to include a point of access for those seeking to market innovative products. This could be in the form of a link to other Departments' websites.

A major frustration for small firms when they do find out about a contract is the lack of a named contact to discuss the contract with. The businesses we spoke to all felt that the private sector tended to encourage dialogue with

suppliers prior to a tender exercise, but the public sector seems to positively discourage it.

British Telecom's "selling2BT" website gives contact details for each of the contracts advertised. We think the planned contracts-advertising service on the "Supplying Government" portal should adopt this practice too. The key to BT's success in engaging with small firms is their accessibility. They advertise all their contracts on a website under various topic headings. Each advertised contract is accompanied by a contact name, number and email address. One of the difficulties in any large organisation is finding the right person to do business with. BT makes this easy.

British Telecom also advertises forthcoming contracts. Small firms are more likely to be encouraged into the Government market place if they are confident of future opportunities. So we would encourage the Small Business Service and the OGC to consider including future contract opportunities in the "Supplying Government" web portal.

#### **6.5 Local government**

Small and medium-sized enterprises experience similar problems in finding out about local government contract opportunities, though local authorities are required by law to advertise most contracts and invitations to tender. We came across many examples of good practice. Some local authorities

already have "selling to the council" websites – Liverpool City Council for example. Other local authorities are banding together to develop "selling to the councils" websites. For instance the 33 London Boroughs are banding together to develop a web portal. Bristol City Council is working with

other local councils to develop a "selling to the council" web portal. Some local authorities hold 'meet the buyer' events to encourage small firms to do business with them. Others like Haringey go further and hold training events to encourage small firms to break into the local authority market.

Haringey's Local Works Project aims to help SMEs become "fit to compete" for contracts from a range of local authority purchasers. The Council, working with the North London Chambers of Commerce, aims to address a range of issues which inhibit SMEs' ability to bid for and win contracts, such as:

- demystifying the tendering process;
- training in drawing up policies to meet Council requirements (e.g. health and safety; equal opportunities);
- working with major private sector contractors to help them develop supplier diversity; and
- maintaining a database of SMEs so that they can be informed of forthcoming tendering exercises.

The project is recognised internationally as an example of good practice and Haringey has been invited to join a transatlantic round table on supplier diversity.

As well as ensuring a competitive supplier base, projects like Haringey's Local Works Project help economic growth at a local level.

However, although this good practice is encouraging, it is by no means uniform across local government. We logged onto a sample of 12 local authority websites and found only 2 advertised their contracts on their website.

In response to the Byatt Report on local government procurement, the Government has said that local authorities should develop a register of current contracts and a schedule of contracts to be awarded over the next

3 years. The Government has also said that local authorities should publish alongside this register a "how to do business with the council" guide.

We should like to see local authorities go further than this by publishing current and forthcoming contracts on a "selling to the council" website with guidance on how to do business with the council. Smaller authorities may not be in a position to sustain a "selling to the council" website on their own and should look to band together with other smaller councils or partners to produce a joint "selling to the councils" website.

### **Recommendation 1**

The DTI should ensure adequate resources for the "Supplying Government" web portal project. The portal should advertise lower value contracts from across central government and include information on future contract opportunities. There should be a named contact for each advertised contract. The portal should be set up and piloted by spring 2005.

### **Recommendation 2**

The Office of the Deputy Prime Minister and the Local Government Association should encourage local authorities to develop "selling to the council" websites by 2005. Websites should include information on contracts for tender, forthcoming contract opportunities and guidance on how to do business with the council. There should be a named contact for each advertised contract.

## 7 Supporting small and medium-sized enterprises in selling to the public sector

"All of us across Government have the ambition to make the UK the best place to start and grow a business".  
[Patricia Hewitt, Small Firms Big Business, July 2002]

### 7.1 The Government's strategy for small and medium-sized enterprises

The Government sets great store by helping and supporting new business. It spends approximately £2.5 billion annually on services for small businesses.

"Small Business and Government: The way forward", published December 2002, sets out the Government's strategy for small businesses. We were pleased to see that the strategy includes making the public sector market place more accessible to small and medium-sized enterprises. We believe that improving access to the public sector market place should form an integral part of the Government's strategy for small businesses. Increased participation by small

businesses in the public sector market is more likely to lead to sustainable business growth than navigating the often confusing array of business support initiatives on offer.

But the Government must put resources into translating the strategy into action. For example the Small Business Service, which has the lead in encouraging small business participation in the public sector market, has only one full time member of staff working on public sector procurement policy. This is clearly inadequate. The Government needs to **target** some support at helping small businesses negotiate their way round public sector procurement processes.

"Responding to tenders is a torturous process for everyone involved, large or small, as well as being a process that very few suppliers understand".  
[SME, September 2002]

### 7.2 Training for small and medium-sized enterprises

We discussed in chapter 6 how to make lower value contracts more accessible to small and medium-sized enterprises. This will have little effect unless businesses are "fit to compete". During our investigation we found that a small business may have the right product or service at the right price, but often finds it difficult to put together a convincing public sector tender. This was also a key finding in the OGC/Small Business Service sponsored research, "SMEs and Public Sector Procurement".

Business Link Operators provide access to a range of business advice and support for small firms. We think it should include **targeted** training for small firms to help them negotiate public sector tendering processes. They should look to involve the OGC and local authorities in developing the training. We described Haringey's Local Works Project in paragraph 6.5. Some Business Link Operators and RDAs also run training seminars for small firms to help them break into the public sector market. The London Business Link holds fortnightly half-day workshops on "Tendering for Public

Contracts" and receives excellent feedback from participants. Bristol Business Link and European Information Centre offer a Tender Alert Service to businesses based on the contracts advertised in OJEU. In addition, it holds training events which aim to demystify public sector procurement processes. But again there is no consistency of provision across the country.

### **7.3 The role of Regional Development Agencies in supporting small and medium-sized enterprises in public sector procurement**

RDAs are strategic drivers of economic development, regeneration and competitiveness in the English regions. Their role is to encourage and support enterprise and within this they seek to align the regional provision of business support services with identified business needs.

For the majority of small firms the local level is where they operate. So it seems to us that RDAs have a role to play in helping small and medium-sized enterprises gain a fair share of the public sector market locally.

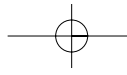
We contacted a number of RDAs to find out whether their business support initiatives included any help for small firms in breaking into the public sector market. The response was patchy. Some RDAs hold meet the buyer events, others merely lend their support to them. The North East RDA has an excellent web portal listing both private and public sector business opportunities in the region.

RDAs themselves are large procurers. Like local authorities and Government Departments they too should be transparent about their lower value contracts. Indeed we should expect them to set an example that others could follow.

Some RDA officials felt that the RDAs could do more in terms of matching small firms to prime contractors. The Regional Supply Network which was set up in 1995 used to perform this sort of service. They were hosted by the regional inward development agencies which were subsequently merged into the RDAs. The advent of single pot funding for RDAs in April 2001 led to the integration of the Regional Supply Offices into the RDAs and the debranding of the Regional Supply Offices as separate entities.

The RDAs are still funded to carry out the work of the Regional Supply Offices, though the focus has moved to the development of clusters of companies to help drive wealth creation in the regions. They should be working to promote the formation of supply chains to respond to the opportunities offered by major procurement programmes.

As part of this work we think that RDAs should have a role to play in developing the supply chain for public sector contracts. They could search OJEU and contract award notices and alert local businesses to relevant subcontracting opportunities.

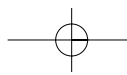
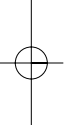
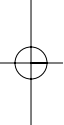


### **Recommendation 3**

Within the context of small business support, the Small Business Service should provide advice and training for small and medium-sized enterprises on how to do business with central government and local councils. The Business Links Operators should deliver this by spring 2004.

### **Recommendation 4**

Regional Development Agencies should ensure by spring 2004, that as part of the supply chain development work for which they are already funded, they work with prime public sector contractors to develop opportunities for small and medium-sized enterprises.



## 8 Reducing the paperwork

"Although much of the information requested is the same, the information has been requested in different formats so it has to be handled as a new enquiry each time." [SME, November 2002]

### 8.1 Pre-qualification

The tender process, particularly in central government, is often a two stage process with a pre-qualification or short-listing of those suppliers who have expressed an interest followed by an invitation to tender.

Once the business has access to information in the advert and is confident in putting together a convincing response to the pre-qualification questionnaire, the next problem that presents itself is the sheer

volume of information often required at this stage. And this is before they get anywhere near the invitation to tender stage. Each public sector body requires similar information, but in different formats. For instance most public sector bodies will ask for information on quality management systems and health and safety policy. This stage of the process fails to match up to two of the Task Force's Principles of Good Regulation – **consistency** and **proportionality**.

"My company gets about 70% of its revenue from the private sector and about 30% from the public sector; however nearly 80% of the time we spend on preparing bids is for public sector work."  
[SME, November 2002]

Small businesses simply do not have the resources to put together all the pre-qualification and tendering information in the numerous ways in which it is asked for. We have seen requests for pre-qualification information that run to over 30 pages. One management consultant showed us a bid to qualify for a Government

Department framework agreement that came to over 200 pages. It took him about one month to prepare. This represents a huge resource investment for a small business. There is scope to simplify and reduce the amount of paperwork the public sector requires at this stage in the procurement process.

"The London Borough of Havering invited tenders for a contract for a Management Development Programme valued at £230,000, over a 3-year period. The questionnaire to select tenderers (i.e. just to express an interest), ran to 30 pages. Once complete with documents attached it would run to 60 pages. Under the 'Financial Standing' section, it included a request for copies of accounts and annual reports for the last 3 years, and annual turnover in respect of the work for which you are applying over the past 3 years. The Asda sheet for preferred suppliers was just two sides long."  
[SME, November 2002]

The Inland Revenue has already shortened and simplified its pre-qualification information requirements. Their questionnaire form uses yes/no boxes and tick boxes, and asks for documentation that is easily accessible

and returnable via internet/e-mail etc. It also adopts a proportionate approach to the questionnaire's use, expecting buyers to tailor their questions to the specific procurement need.

"We expect our buyers to tailor the use of the pre-qualification questionnaire to the need and not to ask the same questions blindly each time they conduct a new procurement exercise. Pre-qualification questionnaires are not needed or used in every procurement. We recognise that they are time consuming and possibly daunting, especially for small firms, and as a result we tend to only use them where the procurement is complex or likely to attract a large field".  
[Inland Revenue Corporate Procurement, January 2003]

The public sector should develop a common core pre-qualification information document for lower value contracts so that firms do not have to put together the same information in different formats at the expression of interest stage. The Inland Revenue's pre-qualification questionnaire could provide a starting point. OGC and the ODPM working with the LGA should formulate together a standard template for core pre-qualification information – so there is a **consistent** format across both local and central government and the information requested is **proportionate** to the lower value contracts.

web portal. This will allow suppliers to submit their pre-qualification information only once.

We also came across a number of local authority initiatives to reduce pre-qualification paperwork. For example, in Liverpool the local authority is working with the University and the St Helens Chamber of Commerce to develop an electronic pre-qualification form that can be forwarded via email. E-Marketplaces are another initiative that allow businesses and councils to come together online and trade with one another.

### 8.2 Supplier databases

The NHS Purchasing and Supply Agency is developing a Supplier Information Database to which suppliers can submit their pre-qualification information so that suppliers have to supply this information only once and take responsibility for keeping it up to date. There are plans to include a supplier database in the Small Business Service/OGC "Supplying Government"

However, there is a danger that the proliferation of many separate initiatives may result in greater confusion for business. Government will need to keep an eye on this to ensure that initiatives on supplier databases are joined up, otherwise businesses will find themselves having to register several times over. The DTI, should ensure that the Small Business Service and OGC web portal project is joined up with other supplier database initiatives. The Welsh National

Procurement Web Portal initiative discussed in paragraph 6.4 seeks to avoid this by providing a single access point for 96 public bodies' procurement needs. The Small Business Service, OGC and LGA would do well to consider how they might join up further too.

### **8.3 Contract surety bonds**

Risk aversion leads both central and local government departments to demand excessive amounts of information from firms before they will even consider inviting them to tender. Many also ask for contract surety bonds. Although there is a private sector market for these bonds, small

firms, particularly those just starting up, often find it difficult to obtain this kind of cover. After discussions with stakeholders, including the Association of British Insurers, we believe there may be a gap in the surety bond market for small firms which could hinder them from competing for public sector contracts, particularly local authority contracts. However, it would require further work to determine the scale of the problem and much more work to devise a solution! And at this stage we believe there are greater problems for Government to address in relation to small business participation in public sector markets.

### **Recommendation 5**

The public sector should develop a common core pre-qualification information document for lower value contracts so that businesses do not have to put together different information in different formats to get past the expression of interest stage. The OGC and the ODPM working with the LGA should develop and pilot this by spring 2004.

## 9 Debriefing

"It seems impossible to get appropriate feedback on why one's tender has failed when it does. This makes it difficult to re-apply if we don't know where we are going wrong." [SME, November 2002]

### 9.1 Getting feedback

The final stage of the procurement process for those firms that have not been successful should include debriefing. Under EU law, firms have a right to be debriefed as to why they failed to win a contract. However, this can only be enforced through the courts and applies only to those contracts above the EU thresholds. There is no legal right for firms to be debriefed for lower value contracts, though OGC guidance to Departments stipulates that it is good practice to do so. This part of the process fails to meet the Task Force's principle of **accountability**.

If small and medium-sized enterprises are going to be able to compete effectively for public sector contracts they need to know where they are going wrong to improve their chances in future competitions. We heard time and time again of the difficulties small firms encounter in obtaining useful feedback. A survey of small and medium-sized enterprises in August 2002 conducted by Tenders Direct (a company that specialises in providing information on Government contracts) and OGC found that 36% of firms received no debriefing. The Small Business Service has also told us it receives numerous complaints from small firms on this subject.

### Recommendation 6

The Small Business Service should publicise the mechanism for reporting non-compliance with the Office of Government Commerce "Government Procurement Code of Good Practice" that firms can use to ensure that they receive adequate debriefing.

### 9.2 The Government Procurement Code of Good Practice

All Government Departments within the OGC remit have signed up to the OGC's Government Procurement Code of Good Practice which states that Departments should provide firms with "feedback that is as helpful as possible, and designed to promote future improvement". The code also sets out a mechanism for firms to follow if they feel that this, or any other part of the code is not being complied with. Small firms need to be made aware that this mechanism is already in place. OGC has said that it is willing to investigate complaints that are made anonymously, so that firms need not fear that by complaining they will damage any future chances of gaining business.

The Small Business Service should publicise the non-compliance mechanism. The Business Link Operators should include this as part of the training package we recommend in section 7 (recommendation 3).

In local government we would expect the SME-friendly procurement concordat, which we discuss in 13.3, to include adequate debriefing.

# 10 Payment

"I had the Inland Revenue threatening to send in bailiffs when the amount I owed them was a fraction of what was owed to my company by another government department and which was well overdue."  
[SME, November 2002]

## 10.1 Late payment

We heard numerous complaints from small businesses about late payment from public sector bodies. This is despite impressive Government statistics showing that the majority of Departments achieve a compliance rate of over 90% for payment within 30 days.

Local authorities have a performance indicator to pay within 30 days from the date of receipt a percentage of invoices. The target for 2001-2002 was 97.5%. We looked at the performance of all the London Boroughs against this

target. Not one met it. Their payment rates varied between 60.2% and 88.14%.

Late payment can have a devastating effect on a small company. Although prompt payment legislation allows firms to claim interest on late payments, few do so for fear of damaging the business relationship. The Small Business Service which has a 98% compliance rate, recognises this and investigates all complaints of late payment. Other departments could improve their payment practice by adopting a similar practice.

"When we have submitted invoices for payment the payments team has shredded them if they have had any queries without informing us there was a problem. In one case we have had to submit the same invoices three times and each time we only found out there was a problem when we queried why we had received no payments."  
[SME, January 2002 about a Government Department]

The example above shows that the measurement central government uses may not accurately reflect suppliers' experiences. Invoices can lie on desks for weeks if the department has decided they are invalid. All invoices should be logged on the date received whether or not the invoice is disputed. Departments should inform suppliers that they are disputing the invoice within 5 working days of receipt.

## 10.2 Procurement cards

Procurement or purchasing cards offer the best route to prompt payment, though we accept that they may not be suitable for large contracts. The

Government Procurement Card (GPC) is a charge card, issued by the main banks. It cuts out the need to send out purchase orders or deal in paper-based systems and payment is received within 2 to 4 days. This card has been introduced across central government, but is generally only used to buy low value goods and services. Many local authorities also use purchasing cards.

From 31 January 2003 the GPC, previously contractually only available to central civil government departments and agencies, can be used by the wider public sector, including local authorities. Widespread adoption of the

card by the wider public sector could replicate its success in central civil government in significantly improving prompt payment performance.

The advantages of the card to the procurer are that it reduces processing costs (up to 85% according to the National Audit Office) and allows for quicker delivery of goods and services. But the risk of fraud needs to be taken into account. The NAO warns that goods can be bought for personal use or there could be collusion between cardholder and supplier, though they could not provide us with evidence of how widespread this is likely to be.

The OGC told us that there had been only a very few instances of fraudulent uses of procurement cards.

There are safeguards and checks that can be put in place to reduce this risk, for instance managers could check the monthly statements which provide detailed information on what has been bought by whom. Users could keep their own log of transactions. It is common for large private sector companies to issue company credit cards to employees, so it should be possible for the public sector to move towards a less paper-based payment system and control it adequately.

### **Recommendation 7**

The Office of Government Commerce, the Office of the Deputy Prime Minister with the Local Government Association should consider how to promote the wider use of the Government Procurement Card, recently extended by the Office of Government Commerce, to include local authorities and other non central civil Government bodies, in order to improve prompt payment by the end of 2003.

# 11 E-procurement

## 11.1 What is e-procurement?

E-procurement was mentioned to us many times by procurers, though not by the small firms we spoke to.

It seems to mean different things to different people. For some it means carrying out the whole process from tendering to payment electronically. For others it means carrying out part of the process electronically. The jury is out on how it will affect small businesses. Some stakeholders we spoke to believed that it could open up the public sector market to small businesses, others felt it could put them at a disadvantage.

## 11.2 Government targets for e-procurement

The Government has set a target date of 2005 for e-procurement for local government ie, it should be capable of procuring 100% of goods and services electronically. No one we met thought the local government e-procurement target realistic. Central government has set itself no firm target, though is working towards large scale e-procurement by 2006. A decision was taken not to roll out an OGC e-tendering pilot for various reasons including complexities around security and user friendliness.

## 11.3 The impact of e-procurement on small and medium sized enterprises

The ODPM is running a national e-procurement project. A feasibility study on this project carried out between October and December 2002 highlighted that 300,000 small firms could be vulnerable if spending patterns change as a result of

e-procurement. Few local authorities had found out how dependent their local economy is on their expenditure or done any analysis on the likely impact of e-procurement on small and medium-sized enterprises.

Newham council invited representatives from 1000 small and medium-sized enterprises to free e-procurement training and only 3 turned up. Only 19% of small businesses currently trade on line.<sup>6</sup> This suggests that neither Government nor the small business sector is ready for e-procurement on a major scale.

E-procurement has the potential to speed up the procurement process and bring benefits to both suppliers and procurers. But on the evidence we have heard so far we would urge the Government to proceed with caution. It needs to assess the impact on small and medium-sized enterprises of moving towards e-procurement. We do not believe that either Government or the small business sector is ready for a procurement process that is entirely electronic.

We believe that it is best to proceed step by step, testing what works and what does not, as the OGC and Small Business Service are doing with the "Supplying Government" web portal and the NHS PASA is doing with its supplier database. Delivering the pre-qualification stage of the procurement process electronically is clearly sensible. It will reduce the time and resources small businesses have to put into preparing pre-qualification information.

<sup>6</sup> Business in the Information Age, International Benchmarking Study 2002, DTI

## 12 General barriers preventing the participation of small and medium-sized enterprises in the public sector market

"Vigorous competition is the lifeblood of strong and effective markets. It encourages all firms to innovate, invest and reduce slack, driving productivity gains and putting downward pressure on costs."  
[Enterprise Britain, November 2002]

### 12.1 Aggregation and bundling

There is a great push in both central and local government to reduce the number of suppliers that procurers deal with. The emphasis is very much on aggregating similar requirements together and bundling related requirements into larger contracts, partly to achieve economies of scale, and also to reduce transaction and contract management costs. For instance one prime contractor now provides all of the Cabinet Office's services from waste management to catering, from reception services to a mail messenger service.

The National Audit Office guidance, "Getting value for money from procurement", emphasises both these routes as a means to achieving value for money. It is little wonder then that Departments tend to look to contract aggregation and bundling as a first option to secure value for money. Smaller firms naturally find it difficult to compete for these larger contracts.

The picture is similar in local government where authorities are banding together to form buying consortia to increase their buying power as advocated by Ian Byatt in his report on local government procurement.

We accept that the rationalisation of the supplier base will offer best value

for money in some cases. We do not, however, believe this will be so in all markets. IT consultancy is a good example where small firms often have the edge in terms of innovative solutions over their larger competitors.

We believe that there should be more **transparency** about the business case for contract aggregation and the subsequent subcontracting opportunities that may result.

Where public procurers opt for prime contractors, they should ensure that their business case for doing so in that particular market makes commercial sense and that the likely impact on competition in the wider market is considered. This is essential to encourage the participation of small firms in the public sector market and to ensure a competitive supplier base for the future.

Public sector procurers should ask prime contractors during the procurement process to demonstrate their track record in achieving value for money through effective use of their supply chain – including the use of small and medium-sized enterprises. This should also be examined as part of the on-going contract management.

Subcontracting opportunities should be made more transparent to enable small and medium-sized enterprises to break

into the public sector market place. Some Departments publish details of large contracts on their websites. The Inland Revenue does this for its framework agreements and encourages small firms to get in touch with the prime contractor. MoD's Defence Procurement Agency also allows its prime contractors to advertise subcontracting opportunities on its website, though it does not require them to do so. It also provides advice on how subcontractors can enter the supply chain.

Small and medium-sized enterprises have pointed out to us some of the disadvantages of gaining public sector work through subcontracting opportunities. If small businesses are to be brought into the public sector market via subcontracting opportunities, then Government needs to address these. One of the disadvantages reported to us, is that prime contractors will often include a clause in the contract which will ban the subcontractor from carrying out any business with the end customer, or with

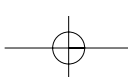
other potential competitor contractors for a specified period of time. We also found evidence that prime contractors did not always pay their subcontractors on time. A particular problem identified is that of progress payments where these are often not passed down the supply chain to subcontractors. This should not be allowed to happen.

It has been asserted by small businesses that the practice of retentions, or holding back a certain percentage of payment for a specified period of time during which the contractor is obliged to make good any faults, is often used by contractors as an excuse for late payment to subcontractors. In July 2002, the Trade and Industry Select Committee announced a short inquiry into the practice of retentions in the construction industry and whether such practice should be perpetuated particularly within the public sector. Reports were published in December 2002, and February 2003 and suggested that retentions should be phased out of procurement contracts.

"Outstanding retention value runs at c. £35,000 at any one time - 4.67% of turnover. It is most unusual for the retention to be cleared immediately after the 12 months period and more likely that a great deal of chasing and threatening is required to achieve settlement at about 18 months after. This for us represents profits which we are not sure that we will get. A main contractor can easily go out of business and leave retentions unpaid. It very often contributes to a cash flow problem and restricts important activities such as training".  
[Department of Trade and Industry Select Committee Report, "The use of retentions in the UK construction industry", December 2002]

Where a public body relies on a prime contractor, it is important that it ensures its payment policy is passed down the supply chain. Small firms are often reluctant to use the Late Payments Legislation to enforce their right to prompt payment for fear of

damaging the business relationship. Departments and local authorities could require this in the terms and conditions of contracts with large suppliers. We understand that the Treasury has issued guidance to Departments to this effect.



To ensure small firm involvement in larger contracts prime contractors should be asked about their track record in engaging with small and medium-sized enterprises during the

procurement process, and be required to demonstrate how they are engaging with small firms as part of the on-going contract management.

"The bundling of equipment and services into the service provision within PFI/PPP will tend to further exclude SMEs from the public sector market. If invitations to tender encouraged the inclusion of SMEs as subcontractors in providing a proportion of the bundled equipment and services, the major corporations would have an incentive to introduce SMEs to the public sector market."  
[SME, September 2002]

### 12.2 Framework agreements

We have already said that contract aggregation through collaboration between Departments may skew the public sector market place in favour of larger firms. We have said that we do not believe "buying big" will provide value for money in all markets. We believe the same is true of framework agreements.

Framework agreements allow procurers to contract directly from a pre-tendered list of suppliers without going through a lengthy tendering process again. OGC buying.solutions, an executive agency of the OGC, manages a number of pan-government framework agreements for products and services including:

- IT;
- telecomms;
- buildings;
- office interiors;
- catering and healthcare; and
- hygiene and safety equipment.

Departments and local authorities also operate their own framework agreements. The Inland Revenue in particular negotiates large value frameworks which can be used by other Departments. The advantages to

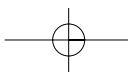
the procurer once the framework contract has been awarded are:

- a quicker simpler means of awarding a contract (they do not have to tender again for individual purchases); and
- bulk buying cuts costs.

But there is a question mark over whether frameworks make it harder for small businesses to enter the public sector market place. For instance, they tend to cover a wide geographic range. If the Inland Revenue is looking to let an IT equipment contract, the supplier must be capable of delivering to over 600 offices across the country.

Even for those frameworks where geographic range is not an issue and where the profile of contracts tends to be towards lower value smaller jobs, small firms have reported difficulties with few actually making it onto a framework agreement. Most do not get past the expression of interest stage.

Once the contract has been awarded new suppliers cannot be added. They have to wait until the framework contract is tendered again and this can be up to 5 years, though a new EC



Directive will reduce this to 4 years. So they can be a barrier to market entry. Again this shrinks the supply base and could have a long term impact on competition in government markets. The Inland Revenue has recognised this may be the case for the IT market and now re-tenders its IT framework agreement every 18 months.

The Inland Revenue has a number of small firms on its consultancy framework agreement. The ways in which it encourages small firms to bid are by:

- splitting the contract into lots to encourage small or specialised organisations;
- shortening and simplifying the pre-qualification questionnaire; and

- following OGC advice on financial checks – ie looking at what the company has available by way of information to prove financial capability rather than insisting on 3 years of audited accounts.

But again subcontracting opportunities can flow from suppliers in framework agreements. Procurers should be transparent about these and publish contract and contractor contact details, so that where small firms do not have the capacity to break into the market directly they can benefit from these second-tier opportunities. Eventually we would like to see the "Supplying Government" web portal display this information (see paragraph 6.4). In the meantime we suggest that Departments should display this information on their own websites.

"Knowing the OGC were to tender some of their framework contracts, I contacted them to determine if they included small firms. I was assured they did and that size did not form part of their evaluation. I therefore expressed an interest in being included in their central framework for general consultancy advice. OGC estimate that they will place around £400 million in orders per annum through this framework agreement. I understand from them that around 500 firms bid and around 200 firms, including my own, were excluded from the competition and hence are locked out of this market area for at least the next 3 years. The feedback I received on the bid was that nothing was missing and its overall rating was good. The reason I didn't get past the expression of interest stage was that my list of public sector assignments was relatively small. The profile of the firm looked small and had limited management capacity. So the negative points reflect the size of my firm, not its quality. The evaluation criteria implicitly discriminated against SMEs."  
[SME, January 2003]

### 12.3 Research

During our investigations we have discovered that the Government doesn't know what the small business share of the public sector market is, or indeed what share of the market small business should have in a healthy

competitive market that offers value for money to the purchaser. The Small Business Service does an annual survey of central government contracts awarded to small and medium-sized enterprises, but up to now the results have been patchy and unreliable, since

not all Departments record the size of the companies with which they contract.

The OGC has undertaken some initial research into the impact framework agreements have on small firms. Initial findings show that small firms are not as prevalent on some frameworks as they are in the rest of the market. OGC is also carrying out an initial investigation into the impact of aggregation and bundling on value for money. We should also like to see some further research by the Office of

Fair Trading to examine which markets need the participation of small and medium-sized enterprises in order to remain competitive and to consider the impact of framework agreements and contract aggregation on small and medium-sized enterprises.

We want to be sure that frameworks are used only in those markets where they offer value for money. And that small and medium-sized enterprises get a fair crack at the markets where they can offer better value for money.

### **Recommendation 8**

The Office of Fair Trading should carry out research to identify the characteristics of those markets where it is important to ensure that small and medium-sized enterprises are able to compete to ensure competition, particularly where this may have an impact on innovation and value for money achieved by public sector procurement. Within this, it should also assess the impact of framework agreements and contract aggregation on small and medium-sized enterprises. This research should be carried out by the end of 2003.

### **Recommendation 9**

Where public sector procurers opt for prime contractors, they should ensure that their business case for doing so in those particular markets brings value for money.

Public sector procurers should ask prime contractors during the procurement process to demonstrate their track record in achieving value for money through effective use of their supply chain – including use of small and medium-sized enterprises. This should also be examined as part of the on-going contract management. Public sector procurers should ensure that prime contractors pay subcontractors on time and that when paying progress payments to prime contractors the payments flow down through the supply chain.

In order to make subcontracting opportunities more transparent to small and medium-sized enterprises, Government Departments and local authorities should list details of prime contractors and contracts on their websites.

## 13 Raising the profile of procuring from small and medium-sized enterprises

### 13.1 A level playing-field for small and medium-sized enterprises

Although procurement is moving up the political agenda, procuring from small and medium-sized enterprises still has some way to go. The OGC and Small Business Service have produced guidance to Departments, "Smaller Supplier... Better Value?", but small

businesses rarely merit a mention elsewhere. There is a need to raise the profile of procuring from small and medium-sized enterprises within the public sector. As we have argued in paragraph 2.3.1, it is important to the economy that small businesses succeed.

"We found out about the work to be undertaken for the Inland Revenue through attendance at meetings originally organised by BASDA (Business Application Software Development Association) but with Inland Revenue in attendance. Our part in the process, which then led to our contract(s), came as a result of our suggesting a way forward, undertaking a pilot project, then progressing from there. The Inland Revenue was extremely supportive of what we were proposing, as it matched exactly their requirements in a leading-edge development to manage XML schemas as part of their e-government Filing By Internet project".  
[SME January 2003]

### 13.2 Central government

One way of raising the profile of this issue in central government would be to ask Departments to state explicitly in their procurement policies how they engage with small businesses directly and via the supply chain, and in particular to identify those markets where procuring from small and medium-sized enterprises is likely to facilitate value for money. This at least would force them to consider how they interact with small firms.

We argued in paragraph 7.1 that promoting public sector procurement from small and medium-sized enterprises should be integral to the Government's strategy for small businesses. The Whitehall Group, which is a group of senior civil servants, chaired jointly by the Chief Executive of the Small Business Service and the Head of the Enterprise and Growth Unit in the Treasury, was

set up in July last year. Its aim is to co-ordinate action across Whitehall to promote small business growth and to improve delivery of Government services to them. It would seem to us that this group should also be promoting procurement from small firms within the context of its work to promote small business growth.

A high level statement from the Government, promoted by the OGC could also have an impact. Such statements have been used successfully before to promote sustainable procurement.

### 13.3 Local government

Although procurement is gaining a higher profile in local government, again the case for procuring from small firms is rarely promoted. The Byatt Report scarcely mentions small and medium-sized businesses, nor does existing IDeA guidance. We recognise

that the priority for local government (and central government) is to adopt a more strategic approach to procurement. This inevitably identifies areas of large spend and the requirement to pursue value for money leads councils towards aggregation. The challenge now is for government to include small and medium-sized enterprises in this strategic approach to procurement.

The Audit Commission guidance, "Competitive Procurement", sets out the recommended contents of a procurement strategy and again small firms are ignored. Although we were pleased to see that IDEA's scoping document on best practice guidance in procurement does include opening opportunities to small and medium-sized enterprises. IDEA is also working on a skills framework for local government procurers. We should like to see this include training on engaging with small and medium-sized enterprises.

In response to Byatt, the ODPM and the LGA have set up a Local Government Procurement Forum to develop a national strategy for procurement. We believe the forum should promote procuring from small and medium-sized enterprises within the national procurement strategy.

We suggest that the forum draws up a concordat on SME-friendly procurement based on current good practice. Local authorities could sign up to this, in order to demonstrate that they take certain steps to engage with small and medium-sized enterprises. In 1997 the Task Force was involved in setting up the Enforcement Concordat, which sets out the principles of good

enforcement. It commits those local authorities that sign up to it, to enforcing regulations, for instance on health and safety or environmental health, in a risk-based, proportionate and consistent manner. Almost all local authorities have now signed up to the concordat as have a number of central government departments.

An SME-friendly procurement concordat could be developed for local authorities to sign, in order to demonstrate that they were taking particular steps to encourage small and medium-sized enterprises to participate in the local authority market. It could include for instance "selling to the council" websites, or meet the buyer events. It should include in it a commitment to debrief unsuccessful bidders. We would leave most of the detail of what should be included in the concordat to be drawn up by the Local Government Procurement Forum with input from the Small Business Service. But we would expect them to use the good practice outlined in this report as a starting point.

The Byatt report recommended that local authorities draw up procurement strategies. These should include how the local authority engages with small and medium-sized enterprises.

#### **13.4 Performance Indicators, targets and set asides**

It was put to us on more than one occasion that the only way to get action on the small business agenda was to impose quotas or at least targets or performance indicators on central and local government.

The Small Business Administration in

the US has responsibility for business support. It administers the provisions of the Small Business Act, which requires 23% of prime federal contracts to be reserved for small businesses. The jury is out on how effective this is at promoting procurement from small businesses and recent reports indicate that federal contracts to small firms have decreased 56% in the last decade.<sup>7</sup>

However, requiring a certain percentage of contracts to be awarded to small and medium-sized enterprises would run counter to the public sector's objective of achieving value for money. In some markets larger firms may well offer better value for money.

Targets and performance indicators are a more attractive proposition, but we do not wish to recommend them at this stage for three reasons.

The first is that we think the recommendations in this report are sensible and robust enough to make a difference without introducing performance indicators or targets. If

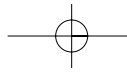
implemented we believe they will help small firms break into the public sector market. But there will have to be commitment at the highest level in Government to make sure this happens.

Second, we believe that alternatives must be considered before resorting to regulatory solutions.

And third, in order to set meaningful targets or performance indicators the Government needs to know how much of the public sector market already goes to smaller firms. And it doesn't. Only once it has that baseline information would the Government be in a position to set meaningful targets or performance indicators.

If our recommendations do not succeed in introducing a level playing-field, we will look to the Government to consider targets or performance indicators as an additional lever to improve the public sector's performance in procuring from small and medium-sized enterprises.

<sup>7</sup> Press Notice Washington Times, 24 January 2003, More pacts sought for small businesses



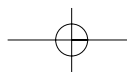
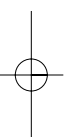
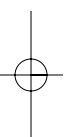
### **Recommendation 10**

The Local Government Procurement Forum with input from the Small Business Service should develop an SME-friendly procurement concordat. All local authorities should be able to sign up to this by 2005.

### **Recommendation 11**

The Office of the Deputy Prime Minister and the Local Government Association should encourage local authorities to set out in their procurement strategies the steps they are taking to engage with small and medium-sized enterprises by the end of 2003.

Government Departments should include in their procurement policy statements the steps they take to engage with small and medium-sized enterprises by the end of 2003 or publish this information in their annual reports.



# Annex A

## Better Regulation Task Force and its approach

The Better Regulation Task Force is an independent advisory group established in 1997. Members, appointed in the first instance for two years, are unpaid. They come from a variety of backgrounds - from large and small businesses, citizen and consumer groups, unions, and those responsible for enforcing regulations - and all have experience of regulatory issues. The Chair, appointed initially for three years in April 2002, is David Arculus. Officials of the Regulatory Impact Unit in the Cabinet Office provide support for the Task Force.

The Task Force's terms of reference are:

"To advise the Government on action to ensure that regulation and its enforcement are transparent, accountable, proportionate, consistent and targeted."

## Members of the Task Force

David Arculus, Chairman	Severn Trent plc
Teresa Graham, Deputy Chair	Baker Tilly
Matti Alderson	Fire Horses
Stephen Falder	HMG Paints
Michael Gibbons	Consultant: utility sector
Kevin Hawkins	Safeway Stores plc
Deirdre Hutton	National Consumer Council
Simon Petch	CONNECT (retired from 6 May)
Ian Peters	Engineering Employers Federation
Penelope Rowlatt	Independent economist
Janet Russell	Kirklees Metropolitan Council
Sukhvinder Stubbs	Barrow Cadbury Trust
Tim Sweeney	Independent consultant: financial services
Rex Symons	Bournemouth Primary Care NHS Trust
Simon Ward	Consultant: hospitality industry
Victoria Youngusband	Lawrence Graham

A Register of Members' Interests has been drawn up and is on our website: [www.brtf.gov.uk](http://www.brtf.gov.uk) or is available on request.

## Annex B

### Small Business Council and its approach

The Small Business Council is an independent advisory body established in 2000. The Council is made up of 22 small businesses owners/managers and one academic. Council members come from a variety of backgrounds and business sectors and are initially appointed for a period of two years, though this may be extended. The Chair of the Council is William Sargent. The Council is supported in their work by a small team based in the Small Business Service.

The Council's terms of reference are:

"To advise the Secretary of State for Trade and Industry and the Chief Executive of the Small Business Service on issues relating to small businesses."

### Members of the Council

William Sargent, Chairman	Framestore-CFC
Sarah Anderson	Mayday Group
James Brathwaite	XL Entertainment
Sue Brownson	Blue Bell BMW Ltd
Marion Carter	MJ Carter Associates
Samantha Gemmell	Creative Media Matrix Ltd
Paul Harrod	Aspire Group Ltd
William Jeffrey	Arrow Mobile Promotions
Jake Karia	The Samosa Company (UK) Ltd
Paul Morgan	The Cyclan Group
Gareth Osborne	REC
Kirit Patel	Day Lewis Group
Richard Reed	Innocent
Ian Rees	Riverside Water Technologies Ltd
Michel Rigby	Recycle-IT! Ltd
Michael Robinson	Burn How Hotel
Michael Snyder	Kingston Smith
David Storey	CSME, Warwick Business School
Marilyn Tarn	Triple T Engineering Ltd
Yvonne Thompson	ASAP Communications Ltd
Simon Topman	J Hudson & Co (Whistles) Ltd
James Torrance	The Body Centre

## Annex C

### Sub-group members

**Teresa Graham (BRTF)** is a Partner in Baker Tilly, Chartered Accountants, specialising in providing business advice to ambitious growing companies. She is non-executive Chairman of two SMEs. She is also a non-executive Member of the Steering Board of the Department of Trade and Industry's Small Business Service and Chair of its Audit Committee.

**Kevin Hawkins (BRTF)** is Director of Communications for Safeway Stores plc and a member of the Meat and Livestock Commission. He is a director of the British Retail Consortium and the Institute of Grocery Distribution. He is a member of the Scottish Executive's Food Champions Group and their Agricultural Strategy Implementation Group. He is also a member of the London Regional council of the CBI.

**Jim Brathwaite (SBC)** is Chief Executive of XL Entertainment, a Media Rights and holding company based in Chichester, which he founded in 1997. He is Chairman of three other small businesses in Sussex and one in London. He is also Chairman of SEEDA, the regional economic development agency for the South East.

**Gareth Osborne (SBC)** is Managing Director of the Recruitment and Employment Confederation. He has more than 15 years direct experience in small business management and has been a mentor to numerous early-stage, technology-based innovative SMEs in a diverse range of sectors. He was recently awarded an honorary doctorate by Middlesex University Business School for his work in the field of business innovation.

### Task Force Secretariat

Dawn Armstrong  
Natasha Coates

## Annex D

### Principles of Good Regulation

Proportionality	<p><b>Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed, and costs identified and minimised.</b></p> <ul style="list-style-type: none"> <li>• Policy solutions must be proportionate to the perceived problem or risk and justify the compliance costs imposed – don't use a sledgehammer to crack a nut.</li> <li>• All the options for achieving policy objectives must be considered – not just prescriptive regulation. Alternatives may be more effective and cheaper to apply.</li> <li>• "Think small first". Regulation can have a disproportionate impact on small businesses, which account for 99.8% of UK businesses.</li> <li>• EC Directives should be transposed without gold plating.</li> <li>• Enforcement regimes should be proportionate to the risk posed.</li> <li>• Enforcers should consider an educational, rather than a punitive approach where possible.</li> </ul>
Accountability	<p><b>Regulators must be able to justify decisions, and be subject to public scrutiny.</b></p> <ul style="list-style-type: none"> <li>• Proposals should be published and all those affected consulted before decisions are taken.</li> <li>• Regulators should clearly explain how and why final decisions have been reached.</li> <li>• Regulators and enforcers should establish clear standards and criteria against which they can be judged.</li> <li>• There should be well-publicised, accessible, fair and effective complaints and appeals procedures.</li> <li>• Regulators and enforcers should have clear lines of accountability to Ministers; Parliaments and assemblies; and the public.</li> </ul>
Consistency	<p><b>Government rules and standards must be joined up and implemented fairly.</b></p> <ul style="list-style-type: none"> <li>• Regulators should be consistent with each other, and work together in a joined-up way.</li> <li>• New regulations should take account of other existing or proposed regulations, whether of domestic, EU or international origin.</li> <li>• Regulation should be predictable in order to give stability and certainty to those being regulated.</li> <li>• Enforcement agencies should apply regulations consistently across the country.</li> </ul>

Transparency	<p><b>Regulators should be open, and keep regulations simple and user-friendly.</b></p> <ul style="list-style-type: none"> <li>• Policy objectives, including the need for regulation, should be clearly defined and effectively communicated to all interested parties.</li> <li>• Effective consultation must take place before proposals are developed, to ensure that stakeholders' views and expertise are taken into account.</li> <li>• Stakeholders should be given at least 12 weeks, and sufficient information, to respond to consultation documents.</li> <li>• Regulations should be clear and simple, and guidance, in plain language, should be issued 12 weeks before the regulations take effect.</li> <li>• Those being regulated should be made aware of their obligations, with law and best practice clearly distinguished.</li> <li>• Those being regulated should be given the time and support to comply. It may be helpful to supply examples of methods of compliance.</li> <li>• The consequences of non-compliance should be made clear.</li> </ul>
Targeting	<p><b>Regulation should be focused on the problem, and minimise side effects.</b></p> <ul style="list-style-type: none"> <li>• Regulations should focus on the problem, and avoid a scattergun approach.</li> <li>• Where appropriate, regulators should adopt a "goals-based" approach, with enforcers and those being regulated given flexibility in deciding how to meet clear, unambiguous targets.</li> <li>• Guidance and support should be adapted to the needs of different groups.</li> <li>• Enforcers should focus primarily on those whose activities give rise to the most serious risks.</li> <li>• Regulations should be systematically reviewed to test whether they are still necessary and effective. If not, they should be modified or eliminated.</li> </ul>

A leaflet explaining our Principles of Good Regulation is on our website and available on request [www.brtf.gov.uk](http://www.brtf.gov.uk)

# Annex E

## Contributors to Review

Ardenta Ltd  
Association of British Insurers  
AXLR8.com Ltd  
Audit Commission  
Best Value Procurement Ltd  
Bevan Ashford Solicitors  
Bristol Chambers of Commerce  
British Chambers of Commerce  
British Telecom  
Business Link West  
Cabinet Office  
Chisolms Computers Ltd  
Clearvision Lighting Ltd  
Confederation of British Industry  
David Mason Consultancy  
DecisionSoft Ltd  
Defence Procurement Agency  
Department of Trade and Industry  
Digital Networks Ltd  
Epic Group Plc  
ETC Venues Ltd  
European Commission  
Federation of Small Businesses  
Fisher Research Ltd  
Flare Software Systems Ltd  
Foreign and Commonwealth Office  
Forum of Private Business  
Department of Health  
Department of Trade and Industry  
East of England Development Agency  
George & Harding Ltd  
Haringey Council  
Hertfordshire County Council  
HM Treasury  
Home Office  
ICT Strategies Ltd  
The Imaginist Company Ltd  
Imes Group Ltd  
Improvement and Development Agency  
Inland Revenue  
Institute of Directors  
Jaysoft Ltd  
Kirklees Council  
Local Government Association  
London Business Link

LTE Scientific Ltd  
Martrain  
Millstream Associates Ltd  
MS Instruments Plc  
Mytton Williams Ltd  
National Audit Office  
Newham Council  
NHS Purchasing and Supply Agency  
Office of the Deputy Prime Minister  
Office of Fair Trading  
Office of Government Commerce  
OTM Consulting Ltd  
Owtanet Ltd  
Pecan Ltd  
Pleasant Associates Ltd  
Practical Bid Solutions Ltd  
Rail Training International Ltd  
Shout 99  
Small Business Service  
Social Software Ltd  
Start Design Ltd  
St Helens Chamber of Commerce  
South West Regional Development Agency  
TigerRed Partnership Ltd  
Trans4mation Ltd  
The Vision Matrix Group Ltd  
Zahno Rao Associates

# Annex F

## Web-sites visited

Audit Commission [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

Bristol Business Link [www.businesswest.co.uk](http://www.businesswest.co.uk)

British Telecom [www.selling2BT.com](http://www.selling2BT.com)

Chartered Institute of Purchasing and Supply [www.cips.org](http://www.cips.org)

Defence Procurement Agency [www.mod.uk/dpa](http://www.mod.uk/dpa)

Haringey Council Local Works Project [www.haringey.gov.uk/data/local\\_works\\_project](http://www.haringey.gov.uk/data/local_works_project)

Improvement and Development Agency [www.idea.gov.uk/procurement](http://www.idea.gov.uk/procurement)

Inland Revenue [www.inlandrevenue.gov.uk/selling/index.htm](http://www.inlandrevenue.gov.uk/selling/index.htm)

Liverpool Council [www.liverpool.gov.uk](http://www.liverpool.gov.uk)

Local Government Association [www.lga.gov.uk](http://www.lga.gov.uk)

Local government eprocurement project  
[www.lgolpathfinder.gov.uk/eprocurement](http://www.lgolpathfinder.gov.uk/eprocurement)

National Audit Office [www.nao.gov.uk](http://www.nao.gov.uk)

National Welsh Procurement website [www.winningourbusiness.wales.gov.uk](http://www.winningourbusiness.wales.gov.uk)

North East RDA [www.onenortheast.gov.uk](http://www.onenortheast.gov.uk)

Office of the Deputy Prime Minister [www.odpm.gov.uk](http://www.odpm.gov.uk)

Office of Fair Trading [www.oft.gov.uk](http://www.oft.gov.uk)

Office of Government Commerce [www.ogc.gov.uk](http://www.ogc.gov.uk)

Small Business Service/OGC supplying government web portal  
[www.supplyinggovernment.gov.uk](http://www.supplyinggovernment.gov.uk)

Purchasing and Supply Agency [www.pasa.doh.gov.uk](http://www.pasa.doh.gov.uk)  
Supplier Information Database [www.pasa.doh.gov.uk/sid/](http://www.pasa.doh.gov.uk/sid/)

Small Business Service [www.sbs.gov.uk](http://www.sbs.gov.uk)

St Helens Chamber of Commerce  
[www.sthelenschamber.com/developing/supplier/supplier.html](http://www.sthelenschamber.com/developing/supplier/supplier.html)

SupplyNet for London [www.supplynet4london.com](http://www.supplynet4london.com)

# Annex G

## Task Force Publications

The Better Regulation Task Force has produced the following reports that are all available free on request by:

- writing to: Better Regulation Task Force Team, 22 Whitehall, London SW1A 2WH
- telephoning: 020 7276 2142
- emailing: [taskforce@cabinet-office.x.gsi.gov.uk](mailto:taskforce@cabinet-office.x.gsi.gov.uk)
- visiting the website at: [www.brtf.gov.uk](http://www.brtf.gov.uk)

### 2002/03

Annual Report 2001/2002	
Champions of Better Regulation	Feb 03
Scientific Research: Innovation with Controls	Jan 03

### 2001/02

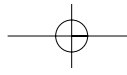
Higher Education: Easing the Burden	July 02
Local Delivery of Central Policy	July 02
Employment Regulation: striking a balance	May 02

### 2000/01

Annual Report 00-01	Oct 01
Housing Benefit: a case study of lone parents	Sept 01
Economic Regulators	July 01
Local Shops: a progress report on small firms regulation	July 01
Regulating Cyberspace – Better Regulation for e-commerce	Dec 00
Environmental Regulations and Farmers	Nov 00

### 1999/2000

Annual Report 99-00	Oct 00
Revised Principles of Good Regulation	Oct 00
Protecting Vulnerable People	Sept 00
Alternatives to State Regulation	July 00
Tackling the Impact of Increasing Regulation – a case study of Hotels and Restaurants	June 00
Helping Small Firms Cope with Regulations – Exemptions and Other Approaches	April 00
Red Tape Affecting Head Teachers	April 00
Payroll Review	Mar 00
Self-regulation interim report	Oct 99



**1998/99**

Annual Report 98-99	Sept 99
Regulation and Small Firms: a progress report	July 99
Fit Person Criteria: a review of the criteria used to judge people's suitability for certain occupations	May 99
Anti-discrimination Legislation Enforcement	May 99
	April 99

**1997/98**

Annual Report 97-98	Sept 98
Early Education and Day Care	July 98
Access to Government Funding for the Voluntary Sector	July 98
Licensing Legislation	July 98
Packaging Waste	June 98
Long-term Care	May 98
Consumer Affairs	May 98
Principles of Good Regulation	Dec 97

