

Announcements summary:

- Central government's direct spend with SMEs is on track to double from 6.5% when the Government took office to 13.7% by the end of this financial year.
- In future, government IT contracts will be more flexible, starting with two areas (application software and infrastructure IT). The Government is introducing set breakpoints in IT contracts so there is less money locked into large lengthy contracts. The Government will look to disaggregate future contracts and deliver more flexible, cheaper solutions. This opens up opportunities for SMEs and reduces the cost to taxpayers.
- The 25% aspiration includes spend directly with SMEs and in the supply chain. We will be working in all sectors to pursue the right level of supply chain participation from SMEs. For ICT we are confident that this can exceed 25%.
- Building on the success of the Mystery Shopper service, from today, suppliers can use this service anonymously to escalate issues about problems in government supply chains to the Cabinet Office.
- To further open up sub-contracting opportunities for SMEs, today we can announce that nine suppliers have signed up to advertise their government sub-contracting opportunities on Contracts Finder. Airwave, Amey, Balfour Beatty, CapGemini, HP, Capita, Level 3, Logica and Serco are the first major suppliers to government to sign up to advertise their public sector sub-contracting opportunities in this way.
- From April 2012 we will pilot a new online service for procurers to invite the SME market to respond, in advance of a formal procurement, to emerging opportunities to deliver government business more efficiently. In parallel, SMEs will be able to use the service to pitch their own innovative, cost saving, proposals direct to government.
- The SME Panel will work with us to pilot approaches to make it easier for SMEs to form consortia to win government business.
- Recognising that timely access to cash is critical to the survival of many SMEs, we will explore extending the use of Project Bank Accounts (PBAs), beyond the Construction Sector across government procurement, commencing with FM and Defence. In addition, we will also explore the role for supply chain finance to enable faster payments within our supply chains.
- Today we are announcing the appointment of a senior SME Champion in every major government department to drive through change.

- To see how effective our measures have been in really changing our relationship with SME we will ask SME suppliers to rate departments on how 'SME friendly' they are according to the criteria that matter to them starting with the Cabinet Office in May.
- We will introduce new transparent feedback mechanisms so that public bodies can rate the performance of companies delivering procurement contracts. This will help high performing companies win a greater market share of government projects.
- The Secretary of State for Communities and Local Government has raised the matter of PQQs with Sir Merrick Cockell - chairman of the Local Government Association.
Sir Merrick understands the important of increasing the number of authorities that do not require PQQs for contracts under £100,000 and the LGA will be taking steps to remind those lagging behind that they should be doing all they can to reduce the burdens on small business, including putting projects in the pipeline on Contracts Finder. The SoS has also asked the LGA to work with his department to develop a scheme to streamline the PQQ process for contracts above £100,000.