

Government toughens rules to exclude underperforming suppliers

- New rules will mean that companies with a track record of poor delivery, fraud or corruption will be blocked from winning public contracts
- Reform will scrap bureaucratic EU rules, creating simpler, more flexible procurement
- These measures will make it easier for SMEs to bid for and win contracts, which account for a third of public expenditure
- The creation of new businesses and new jobs will now be a key factor in procurement decisions, playing to the strengths of British businesses

New powers have been announced today to allow the government to exclude suppliers from winning public contracts if they have a poor track record of delivering for taxpayers.

The plans are part of the government's wide ranging changes, which take advantage of new powers now that we have left the EU, published as part of the consultation response to its procurement green paper.

Under the new plans, hundreds of complicated and bureaucratic EU rules will be torn up, with simpler, clearer and more flexible rules put in place.

This will give the government more discretion to exclude previously poorly performing suppliers, such as those who have not delivered previous projects on budget or on time.

Suppliers can also be banned if they have undertaken unethical practices, such as a lax approach to safety, or where there are national security or environmental concerns.

Chancellor of the Duchy of Lancaster Steve Barclay said:

Leaving the EU gives us the perfect chance to make our own rules for how the government's purchasing power can be used to promote strong values.

While doing so we're increasing transparency and ensuring that procurement remains fair and open.

These simpler and more flexible rules will also make it easier for small businesses to win work – placing levelling up at its heart.

Under the current rules, suppliers can only be excluded from winning new government contracts if there has been a significant breach of contract.

With about £300bn spent every year on public projects such as the delivery of new schools, hospitals and roads, public procurement represents about a third

of all public expenditure.

Transparency and emergency procurement

New measures on transparency will be introduced, so that members of the public can see exactly where their money is being spent and compare this across a range of services. This will be done through procurement data being published in a standard, open format, accessible to anyone, as well as the increased efficiency of having a single registration platform for suppliers.

The plans will also make procurement more transparent and effective during times of crisis, where government needs to act quickly to ensure vital goods and services are bought.

Competition will be introduced into emergency buying, meaning that government doesn't need to wholly rely on direct awards in times of crisis.

Helping small businesses

The changes will make it easier for small and medium size businesses to bid for and win government contracts, by overhauling the current EU rules, which are bureaucratic and unnecessarily complicated. This often discourages smaller suppliers from bidding.

A simplified bidding process will make it easier and more efficient for SMEs to win work. One efficiency being brought in is creating one single central platform which suppliers have to register on, so they only have to submit their data once to qualify for any public sector procurement.

Levelling up

Procurement changes outlined in today's consultation response will also help level up the country. Under new rules, procurers will be able to give more weight to bids that create jobs for communities, build back better from the Covid-19 pandemic and support the transition to net zero carbon emissions. These 'social value' factors mean that buyers don't just consider price alone.

The greater flexibility in the new rules will allow local leaders and communities to grow the private sector and raise living standards in their area, by being able to procure more locally and flexibly.

Lord Frost, Minister of State at the Cabinet Office, said:

These reforms are just one of the many areas where we are taking advantage of our exit from the EU's rules to design a procurement system that is better tailored to the UK and our economic needs.

They will open up new opportunities for our small businesses to win public contracts, boost efficiency and competition, and deliver better results for UK taxpayers.