

Lack of resource and knowledge amongst SMEs may risk effectiveness of Procurement Act

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SME suppliers in the construction industry are not benefitting from the changes brought about by the Procurement Act due to lack of resource and knowledge, according to [research](#) by Southern Construction Framework. Introduced in February, the legislation was designed in part to reduce barriers to access for small businesses, but three quarters say they are not ready.

The survey asked questions of 88 small business suppliers in the construction industry with the results revealing that over half of SMEs say they do not know enough about the Procurement Act to comment on the risk to their business, unknowingly exposing themselves by not being ready or knowing important details. Over a third (36.4%) believe that there are no operational or financial risks at all from the new changes.

Typical respondent comments included: “While I have a general understanding of the Procurement Act, the finer details of its implementation and practical impact on SMEs remain unclear. More accessible, industry-specific guidance would be beneficial.”

Lack of resource is a barrier with comments including, “In a small business like ours we don’t have any one person to dedicate to a procurement role. It would be nice if it was simplified or external support was given to support and make this more accessible and user friendly.”

“A lot of SMEs are managed by former tradespeople who may not understand terminology – or are still working directors who don’t have a lot of spare time.”

SMEs are playing the waiting game, with just over a third (36%) saying it will be one year plus before there will be any change, when the Act has influenced some live projects. A further 31% believe the system has to change, but it will take years to see any real difference. Worryingly, a quarter of SMEs are unconvinced that the Procurement Act will make any difference at all, with the culture of a 'race to the bottom' being too entrenched.

Being placed on the new Debarment register under the Procurement Act would exclude suppliers for up to 5 years, but almost half (44%) of SMEs said they do not see it as a major threat and state that it will not affect their bidding strategy.

Kingsley Clarke, Head of SCF (South West) comments, "Whilst it is encouraging that SMEs are not fearful of debarment, reflecting a confidence in their business, they should make sure they are aware of the finer detail, such as being excluded because of a 'connected' person, such as directors, parent companies or sub-contractors. It is also the responsibility of the SME to monitor the debarment list to make sure they are not on it, as they won't be notified if they are."

SMEs also lack awareness around the new 'Find a Tender' digital platform and a requirement on public bodies to provide evaluation commentary and feedback

for final tenders, both introduced to improve transparency and fairness. When asked what they think the Procurement Act has missed, they said:

"Open honest feedback following the tender, especially if not successful. And why"

"Better feedback upon winning/losing opportunities, even a standardised form to return or allotted time to discuss feedback would be hugely beneficial."

"We weren't aware of the existence of a central digital platform for registration."

Despite a lack of preparation, SMEs do see the Procurement Act in a positive light and already share some of the underlying principles.

They see the top four opportunities as fairer competition, expanding client base, more business and better relationships. A 3.49 average (1-5) of SMEs say the Act will improve relationships with clients and contractors and 74% see opportunity for working more closely with procurement teams.

The Act also introduces three mandatory KPIs for contracts worth over £5m. SMEs in the survey rated budget, time and skills closely together as the KPIs they would favour from procurers to meet local goals.

James Wright, Head of SCF (SE & London) adds, "Whilst also appealing to us as a framework provider, these new changes are undoubtedly positive for SMEs and go some way to ensuring we have a sustainable and robust supply chain. But we have to be mindful of our responsibility as a framework and also appeal to contractors and clients to support SMEs in getting up to speed and equipped for the new legislation."