



House of Commons  
Committee of Public Accounts

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**Government  
spending with small  
and medium-sized  
enterprises**

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**Forty-second Report of Session 2015–16**





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Committee of Public Accounts

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# Government spending with small and medium-sized enterprises

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**Forty-second Report of Session 2015–16**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 11 May 2016*

## The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No. 148).

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Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

Committee reports are published on the Committee’s website at [www.parliament.uk/pac](http://www.parliament.uk/pac) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee’s website.

### Committee staff

The current staff of the Committee are Stephen McGinness (Clerk), Dr Mark Ewbank (Second Clerk), George James (Senior Committee Assistant), Sue Alexander and Ruby Radley (Committee Assistants), and Tim Bowden (Media Officer).

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## Summary

In 2010, the Government set itself a target for 25% of government procurement spending to reach small and medium-sized enterprises (SMEs) by 2015. It has reported progress against this target each year since then but it is not clear that SMEs are better able to compete with larger providers or whether they are actually getting any more government business than before. The centre of government, led by the Cabinet Office and the Crown Commercial Service, has introduced numerous initiatives to remove barriers to SMEs doing business with government. However, momentum has been lost with some initiatives stalling or stopping altogether and the centre needs to reinvigorate its approach. To do so, the centre needs to move from a generic approach of lifting barriers, to a more focused approach, by helping departments to identify particular areas of government business where SMEs can bring the most benefit. It needs to fill key posts so SMEs have a strong voice in government to raise concerns about barriers and making sure that all public sector contract opportunities are communicated properly. The Cabinet Office needs to provide clear leadership to departments and convince us that achieving the higher target of 33% by 2020 is indeed a priority objective across government.

## Introduction

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In 2010, for the first time, the Government set a target, that by 2015, 25% of government spending would go to small and medium-sized enterprises (SMEs). By increasing its spending with SMEs the Government aims to develop a more diverse provider market for government contracts and to get best value for the public purse through increased choice and competition. Each year, the Government spends around £45 billion on goods and services supplied by non-public sector organisations. In 2014–15, the Government reported that 27% (£12.1 billion) of government's procurement spending had reached SMEs. In August 2015, the Government increased its target to 33% by 2020. The Cabinet Office's Crown Commercial Service is responsible for leading on the government's SME procurement policy.

## Conclusions and recommendations

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1. **The Government has lost some momentum in work to increase its spending with SMEs and it is not clear that it has increased competition for government business.** The Cabinet Office and Crown Commercial Service (CCS) defended their record, telling us they were convinced that their work had had a positive impact for SMEs. However, we are not persuaded that the Government's approach so far has resulted in substantially greater competition for government business or definitely led to more business flowing to SMEs than before. We continue to see larger providers dominating; for example, the Government's top five IT providers received over half of government's total spending on contracted out IT. The Government has introduced a number of initiatives to make it easier for SMEs to do business with government and drive up competition. However, government needs to reinvigorate its efforts as many of the initiatives happened early in the previous Parliament and a number have come to an end, in particular those focused on voluntary, community and social enterprise (VCSE) organisations. For instance, the funding for VCSEs' commercial masterclasses ended in May 2015.

**Recommendation:** *The CCS should report back to us by March 2017 on what it has done to re-establish momentum towards achieving 33% and set out how this is increasing competition.*

2. **Government has not yet identified the areas of spending where SMEs could bring the most benefit.** In 2010, the Government started measuring its spend with SMEs. It also introduced initiatives to remove some generic barriers to SMEs doing business with it such as burdensome pre-qualification questionnaires and not getting paid on time. In August 2015, the Government increased the target from 25% to 33% by 2020 as a result of a manifesto commitment. It is not clear how the Government decided on 33% as a target or how achievable it is. The Cabinet Office and the CCS recognise that there is more to do and that, to achieve the 33% target, government as a whole needs to become more sophisticated and focused in its approach. This would mean looking at sectors and spend categories where it thinks it can get the most benefit from using SMEs. In this respect, the Cabinet Office's Government Digital Service has had some success with an estimated 51% (£510 million of £1 billion) of government spending through G-Cloud since it started, going direct to SMEs.

**Recommendation:** *The Cabinet Office and the CCS should help departments to identify the areas where SMEs can best add value and how it will structure contracts and procurement to enable them to compete accordingly.*

3. **The Government's figures for spending with SMEs are not a meaningful measure of performance.** The Government has reported increases in its spending with SMEs each year since 2010 from 6.8% in 2010–11 to 27.1% in 2014–15. However, the Government has changed its approach to measuring SME spending in four of the last five years. Consequently, we cannot tell whether government spending with SMEs has truly increased. The spend figures also do not reveal anything about the impact of government initiatives on competition between government suppliers. Network Rail will shortly be included in government spending figures for the first time and will have an impact on overall spending with SMEs. This will, once again, make it

harder for government to track performance over time. The Government measures its target using direct and indirect spending with SMEs but does not have separate targets for each. Indirect spending reflects the amounts that government's larger contractors choose to subcontract to smaller providers within their supply chains. While increasing this may be welcome, it is not clear how this can be considered a meaningful measure of the Government's success in making it easier for SMEs to do business with government. It is not apparent why the Government cares equally about direct and indirect spend and the Cabinet Office was not prepared to say what an appropriate split might look like.

**Recommendation:** *The CCS needs to be able to compare both direct and indirect spend with SMEs between years, to track performance. It should also consider introducing separate targets for each.*

4. **It remains too difficult for SMEs to know what bidding opportunities are available for government contracts.** 'Contracts Finder' is an online portal for advertising government contracting opportunities. Since the Public Contract Regulations 2015 came into effect in February 2015, central government bodies are legally obliged to publish contracting opportunities (worth more than £10,000) on Contracts Finder. Yet the data held in Contracts Finder remain incomplete, with only 80% of eligible contracts listed on it. We are concerned that the Government is leaving itself open to potential legal challenge by not advertising all available contracts. The CCS also acknowledges that it could do more to raise awareness of tentative opportunities; where contracting departments are not necessarily ready to buy but are testing the market to see if there are any potential suppliers. It would also be easier for SMEs to find subcontracting opportunities if Contracts Finder contained details of contract awards but only 44% of award notices included links to published documents about the contract. We are pleased to hear that CCS is also looking at extending Contracts Finder to cover subcontracting opportunities but wonder how they will ensure prime contractors use it.

**Recommendation:** *The Cabinet Office and the CCS should set out how it is going to make it easier for SMEs to be aware of all direct contracting opportunities, subcontracting opportunities, awarded contracts and what opportunities may be in the pipeline.*

5. **It is not clear that the voice of SMEs is being heard in government.** In 2011, the Cabinet Office formed the SME panel "to hold our [Government's] feet to the fire" and advise it on work to help SMEs. It also, in 2011 and 2012 respectively, introduced Crown Representatives for SMEs and for VCSEs to advise the Government on work to help SMEs and promote better communication between Government and these organisations. However, the SME panel has not met since January 2015. The CCS told us it is agreeing a new SME panel membership with improved geographic and sector representation. The SME and VCSE Crown Representative posts have been vacant since July 2015 and October 2014 respectively and we were not given any convincing reasons for the delay in filling these positions; the CCS has taken six months to refine the SME Crown Representative job description but could not explain what had actually changed as a result. The CCS said it is currently advertising the SME Crown Representative post but acknowledged that the VCSE post is further behind.

**Recommendation:** *The Cabinet Office should fill the SME and VCSE Crown Representative posts and the SME panel as a matter of urgency and report back to us when it has done so.*

6. **Overall, we are not convinced that increasing spending with SMEs is being given sufficient priority across government.** Increasing the proportion of government's spending with SMEs has been, and continues to be, a stated priority within government procurement policy. The CCS gave us several examples of the work it is doing to better understand the categories of spending that it oversees. However, the Cabinet Office is dependent on all government departments to deliver the 33% target by 2020. The Cabinet Office told us that it has set up a new steering group, comprising at least the biggest spending departments, which will monitor the progress of spend with SMEs. However, we are not confident that the centre of government is doing enough to understand whether the rest of government treats this target as a priority for their own procurement spending. There has been a loss of momentum with some government initiatives to help SMEs.

**Recommendation:** *The Cabinet Office needs to show clear leadership from the centre so the priority it gives to achieving the 2020 target is shared across all departments.*

# 1 Progress

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1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Cabinet Office and its Crown Commercial Service (CCS).<sup>1</sup> The Crown Commercial Service is responsible for leading on the Government's commercial policies, including the Government's small and medium-sized enterprises (SME) procurement policy.<sup>2</sup>

2. There are around 5.4 million SMEs in the UK. Most are private sector businesses but the definition includes many voluntary, community and social enterprise (VCSE) organisations. Government uses the European Commission's definition of an SME, which defines it as an entity engaged in economic activity that: employs fewer than 250 people; has an annual turnover less than or equal to 50 million euros; or has a balance sheet total of less than or equal to 43 million euros.<sup>3</sup>

3. Each year, the Government spends around £45 billion on goods and services supplied by non-public sector organisations. The Government anticipates that increasing the proportion spent with SMEs will lead to a more diverse provider market for government contracts and best value for the public purse through increased choice, competition and innovation.<sup>4</sup>

4. In 2010, the Government therefore announced a target for 25% of government spending to go to SMEs by 2015. In August 2015, the Government increased its target to 33% by 2020. The target covers both direct contracts with SMEs and spending that reaches SMEs indirectly (where the Government's contract is with a larger provider that subcontracts SMEs as part of its supply chain). In 2014–15, the Government reported that 27.1% (£12.1 billion) of its total procurement spending had reached SMEs: £4.9 billion through direct contracts with SMEs and a further £7.3 billion indirectly to SME subcontractors.<sup>5</sup>

## The need to re-establish momentum

5. The Cabinet Office and the CCS told us that in 2010, after announcing the SME target, it focused on working out how to measure the Government's spend with SMEs. We discuss concerns about the measurement of this target below. It also worked on identifying and addressing the generic barriers that SMEs face when trying to participate in government contracts, such as: not being able to find contract opportunities, finding the pre-qualification process too burdensome and not getting paid on time. Both the Cabinet Office and the CCS acknowledged that there is more to do. For instance, the CCS confirmed that late payment by larger contractors through the supply chain continues to be a barrier to SMEs because they are less likely to have the financial capacity to absorb payment delays, creating cash flow and workflow problems. The National Audit Office also reported that departments and providers said that prompt payment remains a significant issue within government supply chains.<sup>6</sup>

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1 C&AG's Report, [Government's spending with small and medium-sized enterprises](#), Session 2015–16, HC 884, 9 March 2016

2 [C&AG's Report](#), para 3

3 [C&AG's Report](#), para 2

4 [C&AG's Report](#), paras 1, 3, 1.7

5 [C&AG's Report](#), paras 1, 9, 1.15

6 [Qq 19, 47, 102](#); [C&AG's Report](#), para 2.15, figure 6

6. We recognise that since announcing its 25% target in 2010 the Government has introduced a number of initiatives to make it easier for SMEs to do business with government and drive up competition. Most initiatives were developed and led centrally by the CCS or the Cabinet Office's Office for Civil Society and Innovation (OCSI). The National Audit Office's report shows that many of the initiatives were started early in the last Parliament. Since then, some have stalled or stopped. For example, the Investment and Contract Readiness Fund was started in 2012 and closed in March 2015 and funding for masterclasses to build voluntary, community and social enterprise (VCSE) organisations' commercial skills ended in May 2015. We asked what evidence had been considered when deciding to stop these initiatives. The Cabinet Office could not tell us why they were stopped. It recognised that a number of things relating to the voluntary sector area had been dropped but it assured us that it is going to reinvigorate the VCSE area, in particular the commercial masterclasses.<sup>7</sup>

7. We asked the CCS whether government initiatives have had enough of an impact on SMEs actually winning contracts directly from government. The CCS told us that it is certain that some of the actions it has taken have had a material impact over the last five years. It highlighted that it had legislated for a number of things that have never been done before: including abolishing pre-qualification questionnaires for contracts below £100,000. It said that, at the beginning of the last Parliament, the majority of government procurements used pre-qualification questionnaires and more restricted rather than open routes; including, for example, shortlisting bidders based on their previous accounts. Small firms had said that this approach excluded them from getting the chance to bid. The CCS told us that the majority of government procurements are now open and do not use pre-qualification questionnaires. The National Audit Office found that departments may include similar requirements later in the procurement process, meaning that SMEs can proceed further before discovering they do not meet departments' requirements. However, the CCS is convinced that removing pre-qualification questionnaires for smaller contracts has helped SMEs because they now get an opportunity to bid where they previously would not have done.<sup>8</sup>

8. For feedback to assess the impact of its initiatives, the CCS told us that it uses complaint levels as a "good weather test" and as an example highlighted the reduction in complaints about central government's use of pre-qualification questionnaires. The CCS does not record the impact of its initiatives on its objective of increasing competition. The majority (60%) of the government's annual £12 billion estimated spending with SMEs is indirect through a larger contractor. The National Audit Office's report notes that it is not clear that this will lead to the increased competition and innovation sought by the Government.<sup>9</sup>

9. The previous committee raised the issue of the dominance of certain providers in certain markets a number of times. We understand that the Government's top five IT providers received 51% of government's total spending on contracted out IT. The Cabinet Office said this is because it is "only in the early stages of disaggregating the big monolithic IT contracts."<sup>10</sup>

7 [Qq 3, 17, 42, 48; C&AG's Report](#), paras 2.3, 2.21, appendix three

8 [Qq 42–43; C&AG's Report](#), para 2.17

9 [Qq 18, 31–33, 46, 70–74; C&AG's Report](#), para 15

10 [Q 83; Committee of Public Accounts report, \*The work of the Committee of Public Accounts 2010–15\*, Fifty-second Report of the Session 2014–15, HC 1141, 28 March 2015; Committee of Public Accounts report, \*Transforming contract management\*, Twenty-third Report of Session 2014–15, HC 585, 10 December 2014](#)

## A more focused approach

10. The Cabinet Office reported that government spending with SMEs met its 25% target a year early—estimating that 26% reached SMEs in 2013–14. In August 2015, the Government introduced its manifesto commitment for government spending with SMEs to reach 33% by 2020. The Cabinet Office told us that the 33% target is based on “informed judgement” but did not provide further explanation of what this entailed. Our witnesses agreed that the jump from 25% to 33% by 2020 is stretching but achievable and that government will now need to take a more targeted, sophisticated approach to achieve it. The CCS talked in broad terms about needing to have some focused activity looking at sectors and spend categories, such as consultants and facilities management, where it thinks it can make progress faster and get the most benefit from using SMEs. It also talked about being more sophisticated with the types of company that it targets.<sup>11</sup> Sector representatives have also called for greater distinction between different sectors and types of provider in the targets the government sets. In its written submission to us, the Lloyds Bank Foundation highlighted the social welfare sector as an area for focus, given the “holistic, person-centred support” that can be offered by smaller charities in that sector.<sup>12</sup>

11. The Cabinet Office’s Government Digital Service has been quite successful at enabling more of government’s IT spending to reach SMEs through its digital purchasing platform, G-Cloud. Since it started in 2012, some 51% of the Government’s £1 billion spending that has gone through G-Cloud has been with SMEs. The Cabinet Office told us that some 89% of the suppliers on G-Cloud are SMEs. However, it acknowledged that total spend through G-Cloud represents “between 5% and 7% of the IT contracts, so there is a long way to go”.<sup>13</sup>

## Measuring the amount spent with SMEs

12. The Government measures its target using direct and indirect spending with SMEs (indirect spending is where the government’s contract is actually with a larger provider, it reflects the amount subcontracted to SMEs in the larger providers’ supply chains). The CCS first reported direct spending with SMEs in 2010–11 as 6.8% of total procurement spending. It first reported indirect spending a year later, in 2011–12, at 6.5% of spending. Thereafter, the CCS reported increases in both these estimates each year.<sup>14</sup> The CCS acknowledged that it has iteratively changed how it measures direct and indirect spending with SMEs in four of the last five years.<sup>15</sup>

13. In view of these changes, we challenged the CCS on whether it can be certain that the amount of spending going to SMEs has actually increased since 2010. It told us that direct and indirect spending measures have been stable since 2012–13 and 2013–14 respectively. The Cabinet Office also said that, in cash terms, direct spend between 2011–12 and 2014–15 had “moved forward” £438 million and indirect spend since 2013–14 has moved forward £421 million. The NAO pointed out that these numbers will also reflect the inclusion of more organisations over the period and on-going cleansing of the data to ensure SMEs are correctly classified. The NAO concluded in its report that “we cannot be certain that the amount of spending going to SMEs has increased”. The CCS said that it would continue

11 [Qq 29, 30, 31, 73, 102](#); [C&AG’s Report](#), paras 1, 9

12 Lloyds Bank Foundation ([CSP0004](#)) para 25

13 [Qq 28, 156, 157](#); [C&AG’s Report](#), para 3.23–3.24

14 [C&AG’s Report](#), paras 1, 10, 1.14, Figure 3

15 [Qq 32–33](#)

to try to get a realistic and stable number in future so that it is easier to see what progress has been made. However, the witnesses could not explain to us how the SME spend figures demonstrate the impact of government interventions on competition between government suppliers, despite this being the Government's stated objective.<sup>16</sup>

14. The Cabinet Office confirmed that Network Rail, which was reclassified as a public sector body in 2014, is not reflected in the latest reported SME spending figures but that it will be in the future. The Cabinet Office told us this will reduce Government's reliance on the Ministry of Defence to meet the 33% target by 2020 because the proportion of government procurement spending managed by MoD will reduce from 44% to 38%.<sup>17</sup>

15. We asked the Cabinet Office, if the Government is to achieve the 33% by 2020, what split between direct and indirect spend with SMEs it is targeting. It said it did not know what the balance should be and was unsure as to whether it would focus more on direct spending. It also said that it did not yet know the detail necessary to inform the setting of separate targets.<sup>18</sup> The CCS told us that it has set itself a target of 35% by 2020, within which each spend category has a different target. It said that it is seeking to break its 35% down into a direct target and an indirect target.<sup>19</sup>

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16 [Qq 31–35, 37, 70–74; C&AG's Report](#), para 10, 1.16–1.20

17 [Q 125](#)

18 [Qq 19–22](#)

19 [Qq 24–25](#)

## 2 Transparency

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### Transparency of contract opportunities for SMEs

16. Contracts Finder is an online portal first launched in 2011 to advertise government contract opportunities. The Crown Commercial Service (CCS) confirmed that, since February 2015, when reforms to regulations governing public sector contracts became effective, central government departments have been legally obliged to use Contracts Finder to advertise contract opportunities above £10,000 and to publish all award notices. The National Audit Office reported that SMEs struggle to find these contract opportunities. It also found that the Cabinet Office was only able to find 45 (80%) of 56 central government contract opportunities that should have been on Contracts Finder, despite the legal requirement to use it.<sup>20</sup>

17. We challenged the CCS on what it can do to encourage best practice by all parts of the public sector so that SMEs can actually see all the contracts, which should be advertised on Contracts Finder. The CCS told us that awareness of Contracts Finder is quite low in some sectors. It acknowledged that, to raise awareness, it could be better at communicating; for example, using industry bodies and social media “to get the message out that these systems exist”.<sup>21</sup>

18. The CCS said that there are currently 540 tentative opportunities advertised on Contracts Finder. This means contracting authorities can test the market for interested suppliers, even if they are not ready to buy or ultimately decide not to go ahead with a procurement. The CCS acknowledged that the facility to advertise these “early opportunities” is one of the least known aspects of Contracts Finder.<sup>22</sup>

19. The National Audit Office also reported that SMEs can also have difficulties identifying subcontractor opportunities on larger contracts. It would be helpful for SMEs to understand the size and nature of contracts Government has already let. However, the National Audit Office found that only 1,523 (44%) of 3,474 contract award notices on Contracts Finder in July 2015 included links to published documents with details of the contract.<sup>23</sup> The CCS told us that it is going to look at extending Contracts Finder to include all subcontractor opportunities.<sup>24</sup>

### SME representation in government

20. In June 2011, the Cabinet Office formed the SME panel “to hold our [Government’s] feet to the fire” and advise it on work to help SMEs. The panel consists of 24 SME members. The CCS told us that it set up the panel originally because it thought it was important that SMEs had a voice, particularly to talk to Ministers. However, the panel has not met since January 2015 and we asked the witnesses the reason for this. The Cabinet Office was “not actually sure why the SME panel stopped” but attributed it to a need to “pause and rethink” what was needed. The CCS was also unsure of the reason for the lull but thought it was because the panel had lost some of its initial focus and energy. The CCS

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20 [Qq 80, 110; C&AG’s Report](#), paras 12–13, 2.4, 2.6, 2.8

21 [Q 77](#)

22 [Qq 77–79](#)

23 [C&AG’s Report](#), para 2.8

24 [Q 111; C&AG’s Report](#), para 3.27

acknowledged that the original panel had a quite a big IT and heavy south-east focus.<sup>25</sup> It told us that it is agreeing a new SME panel membership with improved geographic and sector representation. The witnesses subsequently informed us that they will be recruiting a new panel in the next few weeks.<sup>26</sup>

21. The Cabinet Office introduced separate Crown Representatives for SMEs and VCSEs in February 2011 and June 2012 respectively. These roles were intended to promote better communication between government and these organisations, to help government's efforts to open up the public sector marketplace for them. At present, both posts are vacant: the SMEs post since July 2015 and the VCSE post since October 2014.<sup>27</sup> The CCS told us that it is currently shortlisting candidates for the SME Crown Representative post. We challenged the witnesses on why it had taken six months to advertise the post. They told us that "it was a really important appointment to get right" and that it took some time to think about what was needed. The witnesses said that the original SME Crown Representative was an IT specialist and that someone with broader sector experience is now required. Other than this broadening of the role, it remains unclear what is different about the role and why it took so long to advertise the post.<sup>28</sup>

22. We similarly questioned the witnesses on the status of the VCSE Crown representative vacancy. The CCS said that it intends filling the post but admitted it is further behind on this than the SME post. We asked the reason for the slowness in advertising the position. The Cabinet Office said that it has been "somewhat consumed with Kids Company and one or two other things".<sup>29</sup>

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25 [Qq 50–51, 57; C&AG's Report](#), para 2.19

26 CCS and the Cabinet Office ([CSP0005](#)) Q 51

27 [Qq 3–4; C&AG's Report](#), para 2.18

28 [Qq 5–8, 12–13](#)

29 [Qq 14–16](#)

### 3 Leadership

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23. Increasing the proportion of government procurement spending that reaches SMEs has been and continues to be a priority within government.<sup>30</sup> We asked the Cabinet Office how high a priority increasing government's use of SMEs is in practice. It assured us that it is an important target and commitment. It also told us that value for money, when using SMEs, is government's overriding objective. It said that to achieve this it needs to build capability within government, and then use this knowledge to work with departments intelligently.<sup>31</sup>

24. The Crown Commercial Service (CCS) spoke about several examples of the work it is doing to better understand categories of spending within its areas of responsibility, mainly common goods and services procured through cross-government framework agreements. For example, it told us that under current consultancy framework arrangements the majority of government's spend is going to be on large suppliers, despite SMEs representing 40% of the firms on the consultancy framework. The CCS told us that contracting authorities are not choosing to buy from SMEs on the consultancy framework, which is something it wants to address. It also told us about the travel sector where SMEs have been relatively more successful.<sup>32</sup>

25. We questioned the Cabinet Office on where overall responsibility for achieving the SME spending target lies. It told us that all departments are accountable and that it is the role of the centre of government, the Cabinet Office and the CCS, to put in place the necessary structures and to co-ordinate the activity.<sup>33</sup> The Cabinet Office told us that it has set up a new steering group called the Procurement for Growth and Enterprise Board which will monitor the progress of spend with SMEs. It told us that the CCS and the seven biggest spending departments will attend. The Cabinet Office admitted that there is sometimes "a bit of reluctance [by departments] to be held to a target" and that it is early days but that, in general, departments see the benefit of using SMEs. The CCS said that it, along with all departments, is setting its own target and the activities necessary to achieve it. The CCS told us that it is looking at departments' targets and plans and will be collating them to present an overall picture.<sup>34</sup>

26. We asked the witnesses how often the Minister for the Cabinet Office receives updates, in particular actual data, on progress with delivering the SME policy. During our evidence session the witnesses struggled to explain how often data was reported on the 25% target and what is currently reported on the 33% target. The Cabinet Office subsequently wrote to us and explained that the CCS formally reports progress towards the targets twice a year: an update on direct spend with SMEs after six months, and then a full year position for both direct and indirect spend with SMEs.<sup>35</sup>

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30 [C&AG's Report](#), para 1, 3, 1.7

31 [Qq 20, 69, 130](#)

32 [Q 24–27, 86, 159](#)

33 [Qq 135–138](#)

34 [Qq 104–109](#); CCS and the Cabinet Office ([CSP0005](#)) Q 148

35 [Qq 106, 139–148](#); CCS and the Cabinet Office ([CSP0005](#)) Q 148

# Formal Minutes

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**Wednesday 11 May 2016**

Members present:

Meg Hillier, in the Chair

Deidre Brock	David Mowat
Chris Evans	Stephen Phillips
Caroline Flint	John Pugh
Kevin Foster	Karin Smyth
Mr Stewart Jackson	Ms Anne-Marie Trevelyan
Nigel Mills	

Draft Report (*Government spending with small and medium-sized enterprises*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 26 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

*Resolved*, That the Report be the Forty-second Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Thursday 19 May 2016 at 2.00pm]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

**Monday 21 March 2016**

*Question number*

**John Manzoni**, Chief Executive of the Civil Service and Permanent Secretary, Cabinet Office and **Sally Collier**, Chief Executive, Crown Commercial Service

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## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

CSP numbers are generated by the evidence processing system and so may not be complete.

- 1 Cabinet Office & Crown Commercial Service ([CSP0005](#))
- 2 Inclusion London ([CSP0006](#))
- 3 Lloyds Bank Foundation England and Wales ([CSP0004](#))
- 4 Mr Martyn Maynard ([CSP0002](#))
- 5 Public Administration International ([CSP0003](#))

## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2015–16

First Report	Financial sustainability of police forces in England and Wales	HC 288 (Cm 9170)
Second Report	Disposal of public land for new homes	HC 289 (Cm 9170)
Third Report	Funding for disadvantaged pupils	HC 327 (Cm 9170)
Fourth Report	Fraud and Error Stocktake	HC 394 (Cm 9190)
Fifth Report	Care leavers' transition to adulthood	HC 411 (Cm 9190)
Sixth Report	HM Revenue & Customs performance 2014–15	HC 393 (Cm 9190)
Seventh Report	Devolving responsibilities to cities in England: Wave 1 City Deals	HC 395 (Cm 9190)
Eighth Report	The Government's funding of Kids Company	HC 504 (Cm 9190)
Ninth Report	Network Rail's: 2014–2019 investment programme	HC 473 (Cm 9220)
Tenth Report	Care Act first-phase reforms and local government new burdens	HC 412 (Cm 9220)
Eleventh Report	Strategic financial management of the Ministry of Defence and Military flying training	HC 391 (Cm 9220)
Twelfth Report	Care Quality Commission	HC 501 (Cm 9220)
Thirteenth Report	Overseeing financial sustainability in the further education sector	HC 414 (Cm 9220)
Fourteenth Report	General Practice Extraction Service	HC 503 (Cm 9220)
Fifteenth Report	Economic regulation in the water sector	HC 505 (Cm 9237)
Sixteenth Report	Sale of Eurostar	HC 564 (Cm 9237)
Seventeenth Report	Management of adult diabetes services in the NHS: progress review	HC 563 (Cm 9237)

Eighteenth Report	Automatic enrolment to workplace pensions	HC 581 (Cm 9237)
Nineteenth Report	Universal Credit: progress update	HC 601 (Cm 9237)
Twentieth Report	Cancer Drugs Fund	HC 583 (Cm 9237)
Twenty-first Report	Reform of the rail franchising programme	HC 600 (Cm 9260)
Twenty-second Report	Excess Votes 2014–15	HC 787 (Cm 9260)
Twenty-third Report	Financial sustainability of fire and rescue services	HC 582 (Cm 9260)
Twenty-fourth Report	Services to people with neurological conditions: progress review	HC 502 (Cm 9260)
Twenty-fifth Report	Corporate tax settlements	HC 788 (Cm 9260)
Twenty-sixth Report	The Common Agricultural Policy Delivery Programme	HC 642 (Cm 9260)
Twenty-seventh Report	e-Borders and successor programmes	HC 643
Twenty-eighth Report	Access to General Practice in England	HC 673
Twenty-ninth Report	Making a whistleblowing policy work: progress update	HC 602
Thirtieth Report	Sustainability and financial performance of acute hospital trusts	HC 709
Thirty-first Report	Delivering major projects in government	HC 710
Thirty-second Report	Follow-up on transforming contract management	HC 711
Thirty-third Report	Contracted out health and disability assessments	HC 727
Thirty-fourth Report	Tackling tax fraud	HC 674
Thirty-fifth Report	Department for International Development: responding to crises	HC 728
Thirty-sixth Report	Use of consultants and temporary staff	HC 726
Thirty-seventh Report	Financial management of the European Union budget in 2014	HC 730
Thirty-eighth Report	Extending the Right to Buy to housing association tenants	HC 880
Thirty-ninth Report	Accountability to Parliament for taxpayers' money	HC 732

Fortieth Report	Managing the supply of NHS clinical staff in England	HC 731
Forty-first Report	Financial services mis-selling: regulation and redress	HC 847
First Special Report	Unauthorised disclosure of draft Report in the previous Parliament	HC 539
Second Special Report	Network Rail's 2014–2019 investment programme: Office of Rail and Road Response to the Committee's Ninth Report of Session 2015–16	HC 905