Our Ref: ETM/KCS
Date: 24th October 2011

Rt Hon Dr Vincent Cable
Secretary of State for Business Innovation and Skills
House of Commons
London
SW1A 0AA

Dear Secretary of State,

Procurement legislation and the impact on local economies, small and medium sized enterprises and the third sector.

Cumbria County Council has long recognised the impact our procurement has upon our local economy and has been proactive in using expenditure on contracts to support and stimulate economic growth. Of course procurement is bound by a raft of legislation and we work within the procedures prescribed by the EU Procurement Directives (as enforced by the Public Contract Regulations 2006) to ensure all our procurement is conducted in an open, fair and transparent manner.

Over time we have taken a range of practical steps to help remove barriers smaller organisations face when bidding for public sector opportunities. These include improving access to our contracts, regardless of value, by implementing a free-to-use portal and tendering system, proactively working with a range of business and third sector support organisations to provide practical assistance to SME's and voluntary organisations, using innovative 'social benefit' clauses such as the creation of job and training opportunities in our construction and care contracts, and working with other public sector partners to develop coordinated procurement strategies and collaborative contracts.

All of these actions are, of course, underpinned by the need to secure exceptional value for money and service improvement from our contracts. Indeed, our work in this area has received external recognition with our food procurement being used as a case study of good practice by the Open University and our procurement department winning several awards for its work in sustainable procurement.

However, the County Council is, of course, facing difficult financial challenges and has reduced its procurement expenditure. Over the past few months we have noticed an increasing trend of smaller organisations, including those from the third sector, losing out when bidding for new contracts as competition becomes even more fierce. Such suppliers often struggle with the level of bureaucracy within the EU Regulations (even though we have reduced this through the use of standard tender documents, early market engagement, and the provision of practical guides and training), and often find it difficult when competing with larger organisations which have resources dedicated to bidding for contracts. Indeed,
smaller organisations are vulnerable to such competition particularly at a time when third sector organisations also face reduced grant income.

These smaller suppliers provide an important role in our economy, stimulating economic growth and providing local employment, and are often best placed to deliver services at a local level, directly responding to the needs of our communities. While the proportion of our suppliers based in the County compares favourably to other organisations we recognise that more can be done. The Council strives to provide a level playing field so that such local organisations can compete effectively for our contracts. However, the restrictions placed on us by the EU Procurement legislation make it difficult for us to use policy objectives, such as local service provision and community benefit, as part of the evaluation criteria without running a risk of challenge.

While we welcome the proposal in the Public Services (Social Enterprise and Social Value) Bill we would ask you to use your offices to raise our concerns over the restrictions placed by the EU legislation upon the public sector at a time when public procurement should be used to deliver best value, service improvement and support local economic growth and to seek more flexibility in the application of the legislation.

Yours sincerely,

[Signature]

Eddie Martin
Leader
Cumbria County Council