

Cheapest isn't always best...⁷

The European Parliament has produced a report on public procurement strategy which has highlighted particular concerns regarding the continued use of lowest price as the only award criterion in public procurement, with 55% of EU procurements based on lowest price.

We have seen very recently the impact of awarding contracts based on lowest price across various sectors of the market with continued pressure on contractors to bid low prices and squeeze margins, in turn raising issues regarding the sustainability of the price over the life of the contract.

With this in mind, the report has made some specific recommendations for the Commission and Member States to:

- Analyse and report on the reasons behind excessive use of lowest price
- Use innovative procurement to achieve smart, green and inclusive growth to strengthen the circular economy
- Support SME's participation in tenders
- Strive for rapid digital transformation of procedures and introduction of e-processes for major stages of the procurement process
- Increase joint procurement procedures, including cross-border
- Use cost-efficient tools for managing contracts e.g. contract registers
- Adopt a European code of ethics for public procurement
- Encourage universities to develop university courses in European public procurement law

⁷ <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A8-2018-0229&language=EN>