

New plans set out to transform procurement, providing more value for money and benefitting small business

- Green paper will set out long-planned changes to UK's procurement rules, putting value for money and transparency at the heart of the new approach
- Plans will cut red tape, reduce bureaucracy and help unleash wider social benefits from public money spent on procurement
- New rules for lower value contracts will allow more UK based SMEs to win government business

The measures, which have been developed over the last 14 months by a team of specialists in international procurement and set out in a green paper, take advantage of new powers now that we have left the European Union.

Every year, the government buys some £292 billion of services from the private sector. Today's measures will transform the current procurement regime to put value for money at the heart of the new approach, by allowing more flexibility for buyers, enabling government to be more strategic and save the taxpayer money. This will also drive increased competition through much simpler procurement procedures.

The changes will make UK procurement rules more modern, flexible, innovative and diverse, by allowing government to consider wider social value when picking suppliers. This will ensure that taxpayers money goes further and has more of a wider benefit for society.

Cabinet Office Minister, Lord Agnew, said:

The measures outlined today will transform the current outdated system with new rules, providing flexibility to the public sector and less burden on business.

These long standing plans have been developed with international procurement specialists and will help unleash innovation across the country and provide a fairer system for small businesses.

In another new move, also published today, the government will allow the public sector to buy British for contracts not subject to international trade rules, by allowing competitions for government contracts under £4.7 million for public works and £122k for goods and services to be limited to small businesses, voluntary, community and social enterprises, or to a certain geographical area. These new rules will support SMEs by opening up new opportunities to them and making it easier for them to win contracts, in turn helping to drive local growth, promote innovation, support local recruitment and level up communities across the UK.

Specific changes to the rules proposed today include:

- Removing over 300 complex regulations, to create a single uniform rulebook
- Overhauling inflexible and complex procedures, replacing them with three simple modern procedures. This will allow more freedom for suppliers and the public sector to work together and innovate
- Allowing buyers to include wider social benefits of the supplier, such as economic, social and environmental factors, when assessing who to award a contract to, while also still considering value for money
- Giving buyers the power to properly take account of a bidder's past performance, allowing them to exclude suppliers who have failed to deliver in the past
- A new unit to oversee public procurement with powers to improve commercial skills of public sector contractors
- A single digital platform for registering contracts, improving transparency and making life significantly simpler for business

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. Throughout the COVID pandemic, the UK, along with many other countries internationally, has relied on direct awards to ensure that vital supplies, such as life-saving PPE, have been bought quickly and to high standards.

The new measures will bring more competition into this process, by changing the rules to encourage more competitive buying in a quick time frame. This will allow for multiple companies to bid for emergency work, without slowing the process down in times of emergency.

Gavin Hayman, Executive Director of the Open Contracting Partnership says:

This is a unique opportunity to make sure public money is spent wisely.

We've all seen how old school procurement has struggled during the pandemic. These proposals will digitize and transform how contracts are planned, awarded and delivered in the UK with open data and public transparency at their heart.

Done properly, the proposals will save huge amounts of time and money for both government and business, and deliver smarter public services to us all.

The future is open.

While suppliers of all sizes will benefit from the changes, SMEs, who feel the effect of long, bureaucratic and costly processes more, will benefit in particular. One tangible example of this is providing registration information on a 'tell us once' basis, which will help small firms by saving them time and resources.

Elizabeth Vega, Group Chief Executive of Informed Solutions and member of Cabinet Office's Procurement Transformation and Advisory Panel said:

I have experienced first-hand how difficult it can be under current procurement rules for SMEs bidding for public sector contracts, whether because of closed framework agreements locking them out of future opportunities, or complex procedures making it expensive to bid or difficult to offer innovative solutions.

That's why I was keen to be part of Cabinet Office's Procurement Transformation Advisory Panel because it was an unprecedented opportunity to generate radical ideas for procurement reform. I am confident that the proposals set out here have withstood significant challenge from a diversity of viewpoints and expert opinions. Our aim as Panel members has been to focus on simplification, increased transparency, removing unnecessary barriers to public sector opportunities for competent suppliers, and delivering improved value for money.

As a long-time champion for SMEs, these reforms will result in more SMEs being able to access public sector contracts, and ultimately put in place a new procurement framework that delivers better value for taxpayers and greater benefits for society.

The green paper will also bring forward extra measures on transparency, meaning taxpayers will be better informed about how their money is spent, as well as the ability to exclude poorly performing companies from winning valuable contracts and preventing spurious legal challenges from unsuccessful bidders, which all too often delay public sector projects and lead to spiralling costs.

Awarding authorities will also be encouraged to consider how public contracts can support social or environmental issues or promote local communities, small businesses and charities. The rules will also provide more flexibility to allow contractors to take account of wider government priorities and support work to build back better from the pandemic.

When public bodies are considering how social value benefits can be delivered through their contracts, the new rules will make it possible for them to consider full value to society and not just the public body undertaking the procurement. This means more, wider opportunities to deliver social value through public contracts.

The green paper is available here [Transforming public procurement green paper](#) (PDF, 509KB, 82 pages)