

Press release: Government announces major changes to rebuild trust after Carillion: 25 June 2018

Today the government will launch a package of new measures designed to promote a healthy and diverse marketplace of companies bidding for government contracts.

In a speech at the Reform think tank in central London, the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, David Lidington, will reinforce the government's commitment to the private and voluntary sector delivery of public services. He will say:

We are determined to build a society where people from all parts of our country can access the best public services, and for those services to run efficiently and smoothly for them and their families. Whether that service is delivered by public, private or voluntary sectors, what matters is that it works for them and their everyday needs, while providing value for money for the taxpayer.

And whether it is operating our call centres; building our railways; or delivering our school meals – the private sector has a vital role to play in delivering public services, something this government will never cease to champion.

He will also say that we need to build a diverse, vibrant marketplace of different suppliers – which take into account wider social values, as well as cost. He will set out new measures to encourage and make it easier for small businesses, mutuals, charities, co-operatives and social enterprises to take on government contracts. He is expected to say:

We want to see public services delivered with values at their heart, where the wider social benefits matter and are recognised. That means government doing more to create and nurture vibrant, healthy, innovative, competitive and diverse marketplaces of suppliers that include and encourage small businesses, mutuals, charities, co-operatives and social enterprises – and therefore harness the finest talent from across the public, private and voluntary sectors.

That is why I can announce today that we will extend the requirements of the Social Value Act in central government to ensure all major procurements explicitly evaluate social value where appropriate, rather than just 'consider' it.

By doing so, we will ensure that contracts are awarded on the basis

of more than just value for money – but a company's values too, so that their actions in society are rightly recognised and rewarded.

The new measures will extend the requirements of the 2013 Social Value Act to level the playing field for mutuals, co-operatives and social enterprises bidding to win government contracts.

In a further change, the government will use its purchasing power – some £200 billion is spent per year on private companies providing public services – to challenge its major suppliers to do better on equality and diversity. The minister is expected to say:

If we are to build a fairer society, in which the public has greater trust in businesses not just to make a profit, but also to play a responsible role in society, then we must use the power of the public sector to lead the way.

We will now develop proposals for government's biggest suppliers to publish data and provide action plans for how they plan to address key social issues and disparities – such as ethnic minority representation, gender pay, and what they are doing to tackle the scourge of modern slavery.”

And he will make clear that the government cannot do this alone, but needs the industry to step up to the challenge. He is expected to say:

But government cannot do this alone – we need the industry to come with us on this journey. We need them to put right failings where they have occurred; demonstrate their ability to respond to changing circumstances; and show their capacity for innovation and creativity as well.

That is because we believe in an economy that works for everyone – what you might call a ‘responsible capitalism’ – where true fairness means everyone playing by the same rules as each other, and where businesses recognise the duties and obligations they have to wider society.

By doing so, we will go some way to restoring trust between government, industry and the public – and build public services that have the confidence of the people they are there to serve

The Minister will also announce further measures, including requiring key suppliers to develop ‘living wills’ which will allow contingency plans to be rapidly put into place if needed, increased transparency for major contracts by publishing key performance indicators, improved training for government procurers, and enhanced measures to protect suppliers from cyber attacks.

Mark Fox, Chief Executive of the British Services Association, said:

This is a robust and welcome challenge by the government to all those involved in the delivery of public services across the private, voluntary and public sectors.

The challenge to the industry is to improve management practices, increase transparency and develop new arguments for the private sector to deliver public services – a challenge we embrace.

We welcome these proposals and look forward to working with the government to create more diverse, vibrant markets which can make the most of talent from across all parts of the United Kingdom, and deliver quality public services to the benefit of the taxpayer.

Andrew Haldenby, Director of Reform, said:

Public services depend on private sector delivery, from the education of children with special educational needs to the maintenance of the nuclear deterrent. Reform polling has consistently found that around 60 per cent of voters don't mind who delivers a public service, whether public sector, private or charitable, as long as there is fair access to it.

Rachel Law, Chief Executive of Possabilities, a Manchester-based social enterprise, said:

Winning a public sector contract such as day services or respite care could make a massive difference to a company like ours – enabling us to grow and boost our revenue so we can continue to support many more vulnerable people in the local community.