

# My Interventions on the Public Procurement Motion (1)

Sir John Redwood:

Does the Minister think the regulations are duly simplified so that it is feasible for the self-employed and very small businesses to have access to contracts? Is there any provision for breaking down contract sizes so that the self-employed and small businesses have more opportunity?

Alex Burghart:

My right hon. Friend asks a pertinent question—one that was at the forefront of Ministers' minds when the legislation was drafted and as it made its way through both Houses. A number of provisions in primary legislation are there specifically to increase the chances that small and medium-sized enterprises, which are more likely to be British, get a bigger share of the £300 billion-worth of public procurement. Those provisions include everything from the online procurement system that we are building—which will increase transparency and allow greater notification of pipelines, helping small and medium-sized enterprises to prepare for those procurements—to reduced red tape, which will take the burden off those SMEs and reduce their barriers to entry. We are hopeful that a lot of local businesses in his constituency and in mine will benefit from this landmark piece of post-Brexit legislation.

The contents I was describing would typically include the contact details for the contracting authority, the contract's subject matter, key timings for the procurement process, and various other basic information about a particular procurement that interested suppliers would need to know. The provisions also cover the practical measures that authorities must follow when publishing those notices, such as publishing on a central digital platform and handling situations in the event that the platform is unavailable.

Beyond transparency, the instrument includes various other necessary provisions to supplement the Act that will be relevant in certain situations. We provide various lists in the schedules so that procurers are able to identify whether certain obligations apply in a particular case, including a list of light-touch services that qualify for simplified rules, and a list of central Government authorities and works that are subject to different thresholds. The regulations disapply the Procurement Act in relation to healthcare services procurements within the scope of the NHS provider selection regime, which has set out the regulatory framework for healthcare services procurement since its introduction in January this year.

The regulations also set out how devolved Scottish contracting authorities are to be regulated by the Act if they choose to use a commercial tool established under the Act or procure jointly with a buyer regulated by the Act. The provisions of the regulations apply to reserved procurement in England, Wales, Northern Ireland and Scotland, and to transferred procurement in Northern Ireland. The Welsh Government have laid similar secondary

legislation that will apply in respect of devolved procurement in Wales, and if the devolved body carrying out that procurement mainly operates in Wales, elsewhere.

The Government have consulted carefully with stakeholders throughout all stages of the reform process, and we published our response to the formal public consultation on these regulations on 22 March. That consultation was a great success, evoking a good response from the various representative sectors, and confirmed that the proposed regulations generally worked as intended. Many stakeholders urged that certain matters be clarified and explained in guidance and training, which is a key part of our implementation programme that is being rolled out across the UK. The Government response demonstrates that we have listened to feedback, and confirms a number of areas in which the consultation led to technical and drafting improvements.

Once the instrument has been made, contracting authorities and suppliers will need time in order to fully adapt their systems and processes before go-live. As such, the Government have provided six months' advance notice of go-live of the new regime before these regulations come into force, which will happen on 28 October this year.

---

## [My Interventions on the Public Procurement Motion \(2\)](#)

Sir John Redwood (Wokingham) (Con):

It is difficult to come up with a good system that has the right balance, because the taxpayer's interest is very much in favour of economies of scale and availability, while the small business struggles to meet the possible volumes of a successful bid for a contract and to satisfy all the criteria that the large company finds easy to manage. I am grateful for the fact that the Minister and the Government generally have been thinking rather more about how small business and the self-employed can make a bigger contribution and how contracts can be broken down into more manageable sizes, both in primary legislation and now in the detail.

John Spellar:

The right hon. Gentleman is absolutely right on that, but very often the primes get the contract and subcontract to the SMEs and put on a huge on-cost and profit margin. Those SMEs are therefore never able to grow properly, and they are stifled, because Whitehall prefers to deal with very large conglomerates.

Sir John Redwood:

There will be that bias. Sometimes it is right, and it is always understandable, but Ministers and, above all, the senior officials implementing this new policy will have to bear that in mind. They will have to try to correct for the ease of going for a large company solution, where all the boxes will be filled impeccably and all the right things will be ticked, although that can lead to a contract disaster, because getting the electronic responses right is not the same as delivering the right good at the right price in all the right ways.

I have another worry. We are in an era of exciting and rapid change. Technology is changing even more quickly than over much of our lifetimes so far, as the Prime Minister was mentioning in his remarks this morning. None of us can be sure what opportunities artificial intelligence will produce in wider digitalisation, but we know that digitalisation will make an increasing contribution to, and have an impact on, service provision. So much of government is about the provision of personal services and administrative services, and so much of that can benefit from the intelligent application of these exciting new technologies, but they need careful handling.

The big problem in public procurement is when the innovators are moving so quickly that the invitation to bid is about things that are out of date; they are what the system has been used to handling and the state feels comfortable with. The state can define the old products and old services perfectly well, because it has experience of them, whereas maybe what is needed in certain cases is the innovative product or service. I remember innovating in industry in the past. Often, we had to be willing to license a competitor of our own breakthrough, to give people comfort that there would be some competitive check on costs and availability. Such things are complicated to model and to build in to big procurement systems, such as the state. It means that the state tends to lag and the private sector makes much more rapid advances, because people take more risk and are prepared to change what they wish to procure when they see something better. In the case of the state things have to go through many committees and many memos, and it is probably easier not to bother or to wait a few years until something has happened.

I do not have any easy answers. I understand that the Government and the Minister have the best of intentions, and they have come up with rules that they think are more flexible, but the proof of this pudding will be in the eating. I just emphasise that we need a system that is flexible enough to understand that sometimes it does not know what it wants, or does not know what is available, or that something that is available might be better than the thing people thought they wanted.

My final observation is that we have lost a lot of the self-employed in recent years for one reason or another, but the issues over tax status are part of the problem, with the toughening of the rules over IR35. I worry that a lot of self-employed people will struggle to get any work from the Government, because it is much easier for those procuring just to say, "It's too much hassle; we would be to blame if this person were taking liberties with the tax system, and although they say they are compliant and self-employed, we aren't so sure." Of course, someone can become genuinely self-employed only if they win enough independent contracts. If a big part of

procurement is not allowing them to win state contracts, it is much more difficult for them to become genuinely self-employed.

Sarah Champion:

The right hon. Member makes a very good point. The self-employed have been telling me about the amount of administration they have to do even to be in the running. Also, they do not tend to find out about contracts. I hope that the regulations will extend their promotion and the length of time, and that the Government try to break down those contracts into smaller chunks, so that small British businesses can genuinely be in with a chance.

Sir John Redwood:

I entirely agree. That is where the more transparent and simpler system will be very good, and we should give that a good trial. I am concerned about someone who is genuinely self-employed struggling to prove that they are sufficiently self-employed, and whether the state would want to take less risk on that. Again, I would like the Minister to put a stronger case to the Treasury that, perhaps, to have more successful self-employed people working for the state under contract, we need to review how we enforce and police their tax status.

---

## [GB News Op ed None of the above](#)

My website gets plenty of responses from people saying they do not want to vote for any of the main parties. The stay at home party had an overwhelming win in the recent Council, police and mayoral elections. Plenty of people on doorsteps move on from criticisms of the government to tell me they do not want Labour or Kier Starmer in office.

The 15% of the public who think climate change is the immediate and highest priority crisis of our times split their votes between Greens and Lib Dems, with Greens offering the more muscular way of getting people to make big changes in their lifestyles.

The rest of the electorate who are not ready to buy a battery car and do not want a heat pump talk about how much money they have after tax to pay the bills, worry about how younger family members will afford a home of their own and want to see improved public services.

Many feel let down by all the major parties over migration. The public sees what many MPs ignore or deny, that if you invite in a million or more people to live, study and work here every year you need to provide for them. After adjusting for the exit of maybe half a million others we still have increased our population by as much as 700,000 in a single year. All one million plus new arrivals need homes, healthcare and other public services. They may go to live in different places from the ones emigrants are leaving.

The main reason we are short of homes is the level of migration. Many new arrivals include people who lengthen NHS queues, whilst all need electricity,

shops and other services. The UK has not kept up with all this extra demand. The government has now said it will make a substantial reduction in legal migration. Opposition parties talk of more safe routes for migrants and seem happy with high numbers of people coming in. The public is sceptical of whether numbers will be materially reduced to ease pressures on housing and public services.

Taking control of our borders was an important part of the Brexit campaign. The government needs to restore voter faith by delivering a big reduction in migration. Inviting people in to do low paid jobs keeps wages down. We need a higher productivity better trained workforce supported by robots and AI, not more cheap labour.

As we see visible progress this year with a more moderate migration policy more people might well want to vote. There will be an important choice to be made about sustainable migration levels. Failure to do so by those who are worried about this could leave us with a new government that believes in open borders and has no practical answers to the housing and public service problems that result.

---

## [My Visit to Oak Tree School](#)



I visited Oak Tree School in Winnersh to meet the staff and thank them for the work they are doing with pupils with an Autism Spectrum Condition diagnosis and associated complex needs. It was interesting to learn about the curriculum, and the specialist personal development education and therapeutic programmes delivered by the school. Parents can also access support from a dedicated family support member of staff.

The school opened in September 2023 and it is already heavily subscribed so I was pleased to see that the buildings provide some growing room to accommodate extra pupils. At capacity, the school will provide places for 150 students from Year 1 to Year 13.

---

# My Interventions on the Finance Bill

## (2)

The second of my devolution questions trying to tease out why Wales and Scotland think imposing extra taxes is good for the economy. The answer of course ducks the question. Wales gets more spending/grant per head than England and the HS 2 supply contracts were open to the whole UK. Welsh school standards and NHS waiting lists are worse than England despite the extra spending.

Sir John Redwood:

Were a future Parliament to grant these tax powers to Wales, would the hon. Gentleman think that in order to promote faster growth in Wales he should cut taxes below English rates, or would he put them higher than English rates?

Ben Lake:

I am not one to make up policy on the hoof, but the review could look at that, and if the evidence shows that tax decisions could be made to promote growth and to level up, which I think the right hon. Gentleman is in favour of, we should follow that evidence and do so.

Our continued reliance on the Barnett formula to allocate funds between the UK's nations is problematic not only due to its flaws, but because of its inconsistent application in recent years, which has meant that Wales has lost out on billions of pounds of much-needed public investment. Members will be familiar with the concerns raised by communities across Wales regarding the way in which HS2 spending has been classified. Although not a single inch of track or rail was to be laid in Wales itself, it was categorised as an England and Wales project under the statement of funding policy, thus depriving Wales of significant consequential funding that the Barnett formula would otherwise have provided. The latest estimates suggest that Wales has lost £4 billion in consequential funding—money that could have transformed the country's public transport infrastructure.

I understand that there will be reluctance within Government to move away from the Barnett formula, not least because devising a needs-based formula is far from simple. However, if we are to retain the Barnett formula, the funding floor should at the very least be updated to use census data from 2021 rather than the 2001 data it currently uses. I am sure the Minister will agree that much has changed since 2001—when I was actually still in primary school. The needs and population of Wales have changed considerably, so it is only reasonable that the funding floor element of the Barnett formula is at least brought up to date.

Such a consideration could be included in the review that I propose, as well

as a review of the implications of UK tax policy in Wales. Again, all of this analysis and information could help inform debate for future tax policy decisions and ultimately ensure that we have a tax system that is fit for purpose and meets the needs of people in Wales.