

Public Procurement: Growing British industry, jobs and skills. Consultation on further reforms to public procurement, June 2025

Notes

Closing Date Friday 5 September via online link ONLY

<https://www.smartsurvey.co.uk/s/2OEDOL/>

<https://www.gov.uk/government/consultations/public-procurement-growing-british-industry-jobs-and-skills-consultation-on-further-reforms-to-public-procurement>

https://assets.publishing.service.gov.uk/media/685c07154cd6b0316870982b/E03229899_CP_1349_CO_Procurement_Act_Part_2_Web_Accessible.pdf

The Procurement Act 2023 came into force on 24 February 2025 with a new National Procurement Policy Statement. HMG has already implemented:

- All central government departments and their arms length bodies (ALBs) will set three year targets for direct spend with SMEs from 1 April 2025 (with targets for VCSEs to follow in 2026) and publish progress annually.
- Requiring departments to exclude suppliers from bidding for major contracts (+£5m) if they cannot demonstrate they pay their invoices in an average of 45 days.
- Publishing an update to the model for taking account of social value in central government procurement, streamlining the standard criteria and aligning with the five missions.
- Establishing a new online register of commercial agreements that will give contracting authorities better visibility of existing frameworks and the fees they charge, improving decision-making and ensuring value is maximised.

Question 1

To what extent do you agree or disagree that mandating large contracting authorities with spend over £100m p.a. to set 3-year targets for their procurement spend with SMEs and VCSEs and publish annual progress against these targets, would help increase spend with SMEs and VCSEs? [Answer on Likert scale]

Agree.

Explain answer [2000 character limit]:

This would improve the transparency of how large authorities intend to spend their money and give SMEs and the VCSE sector the opportunity to hold the authority to account. However, as there are no penalties for not meeting the target we wonder what driver there would be to increase spending with these target groups.

Additional barriers arise for VCSE organisations tendering for contracts which include very short turnaround times for tenders which limit the ability of SMEs and VCSE organisations to either respond at all, or to mobilise the partnerships that are needed for bids on larger

contracts. By having short notice tenders, something that occurs very frequently, the contracting authority effectively limits the options it has to choose from.

NAVCA would recommend providing training through a national development programme for commissioners and procurement leads that goes beyond technical commissioning skills. This should:

- Build awareness of the VCSE sector's complexity, diversity, and reach, including the mix of grassroots groups, community anchor organisations, and national charities.
- Highlight the unseen economic and social value the sector contributes — particularly in prevention, trust-building, and tackling inequalities.
- Challenge outdated assumptions about capacity and risk in small organisations by showcasing successful community-led delivery models.
- Promote an asset-based view of the VCSE sector, positioning it as a strategic partner in long-term system transformation.

[1508 characters]

QUESTION 2a: To what extent do you agree or disagree that extending the requirements of section 70 of the Act to publish information on (i) all payments made under public contracts and (ii) payments under notifiable below-threshold contracts, would help increase spend with SMEs and VCSEs? [Answer on Likert scale]

Agree.

Explain answer [2000 character limit]:

Whilst this would improve the transparency of how large authorities allocate their budgets, and removing the figure would bring more VCSE spending into scope, there are broader issues at play that create barriers for VCSE organisations.

1. Short-term and unsustainable funding destabilises VCSE organisations, creating uncertainty and difficulty with staff recruitment and retention. The usual annual reapplication for contracts funding takes significant unfunded time that is not then focused in delivering for beneficiaries. This dissuades many VCSE from bidding for contracts. Multi-year, stable contracts especially for proven projects will contribute greatly to the sustainability of VCSE organisations and improve the long-term impact of contracted services.
2. The inappropriate use of criteria in commissioning that effectively means that VCSE organisations and SMEs that have the best bid writing skills or the ability to push costs to their lowest point win contracts, rather than selecting the bidder that will deliver outcomes to a high standard. This means that when contracting authorities lose potential bidders from the VCSE they lose knowledge and links with communities, expertise developed through other projects and contracts, and the opportunity for partnership working between the VCSE and statutory sector.

3. Improvements could include codesign and coproduction with VCSE organisations and beneficiaries early in the planning and design stages, before a first draft contract is written; long-term commissioning frameworks of 3 to 5 years [mirroring the proposed changes to local authority funding cycles], especially for community-based and health services, including the wider determinants of health.

Whilst agreeing that this is a positive development, NAVCA is uncertain as to whether this would drive the change that HMG wishes to see without other changes in commissioning practices.

[1910 characters]

QUESTION 3a: To what extent do you agree or disagree that requiring contracting authorities to exclude suppliers from bidding on major contracts (+£5m per annum) if they cannot demonstrate prompt payment of invoices to their supply chains (within an average of 60 days) would help improve late payment by suppliers to the public sector? [Answer on Likert scale]

Agree

Explain answer [2000 character limit]:

To have the desired effect the financial value of contracts included needs to be reduced to +£1m per annum, preferably lower. For VCSE organisations, persistent late payments of invoices, delayed starts and payments for annual contracts, including by large contracting authorities themselves remains a major problem and can threaten the survival of VCSE organisations. The contracting authority should also publish its payment and contract timelines.

However, whilst prompt payment of invoices is essential, other practices also have a detrimental effect on the VCSE organisations and prevent them from bidding on public sector contracts in both health systems and local authorities. These include:

- a one size fits all commissioning process for contracts no matter their size, introducing a high level of complexity and bureaucracy required in commissioning processes for often very small sums of money
- KPIs and reporting mechanisms that suit large contracting organisations but are not achievable by small VCSE organisations
- short-term, low value contracts
- contracts without in built inflationary uplifts in costs
- contracts renewed year on year for the same amount and same service levels expected
- late renewal of contracts so that the VCSE organisation effectively subsidises the public sector.

[1305 characters]

People-focused services

QUESTION 4a: To what extent do you agree or disagree that there should be flexibility for contracts for people focused services to be awarded without competition? [Answer on Likert scale]

Strongly Agree

Explain answer [2000 characters]:

Competitive tendering results in VCSE organisations that would otherwise want to collaborate, competing for essential funding. It is not uncommon for competitive processes to be issued when there is only one VCSE supplier that can either bid or deliver. Increasing the flexibility for people focused services to be awarded without competition is essential to encourage more VCSE organisations to tender. The Provider Selection Regime used within health systems could have much to offer other public bodies, particularly local authorities.

This is where the benefits of collaboration with the VCSE sector can also come to the fore. The codesign of commissioning mechanisms that include real consultation with service users and communities so that their views, needs and experiences are genuinely taken into account in commissioned service design. The experience of service users with previous providers is a core part of this, yet it rarely seems to inform subsequent procurement. This is particularly important for services that relate directly to wellbeing and prevention, as well as direct care services. Collaborations of VCSE organisations that have supported the codesign of services may also then be best placed to then deliver them.

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QUESTION 5: Are there other services delivered to vulnerable citizens (beyond adult and children's social care) that warrant procurement processes not permitted in the Procurement Act 2023? Please include i) the CPV code where possible and description of the services; ii) the nature of the problem faced; iii) the optimal policy solution(s).

No response made.

QUESTION 6: Do you have any examples where people-focused services have been procured well? Do you have any suggestions for changes to the processes available under the Procurement Act or guidance that could improve procurement of these services? [2000 character limit]

There are good examples of collaborative commissioning with efforts to align strategy across sectors in ICBs covering Cornwall, Bradford, Bedford Luton & Milton Keynes, and Suffolk & NE Essex.

Making improvements to current process would improve the ability of VCSE organisations to bid for public sector contracts.

1. Address fragmented processes in commissioning typified by end-of-year procurements issued at short notice often to spend unrealistically large amounts,

and inconsistent use of contracts particularly the NHS standard contract, that are making it harder for the VCSE sector to participate.

2. Involve VCSE organisations at the start of planning and design of services and expect to pay them for their time.
3. Create local, flexible funding pots that VCSEs can access without heavy bureaucracy.
4. Move from 'who writes the best bid' to 'who has the best local insight and deliver the outcomes needed.'
5. Investment in local VCSE infrastructure organisations to support and enable collaboration and partnership working.
6. NAVCA recommends:
 - mandating co-designed VCSE funding strategies
 - national training for commissioners
 - mapping current VCSE commissioning across systems
 - using practical tools within procurement (e.g. checklists in Suffolk & NE Essex ICB, King's Fund resources)
 - Including VCSE financial resilience on ICB risk registers.

[1358 characters]

QUESTION 7a: To what extent do you agree or disagree that contracting authorities should be required to undertake a public interest test and publish it when making sourcing decisions? [Answer on Likert scale]

Agree

Explain answer [2000 character limit]:

Transparency and accountability are important so NAVCA would welcome publication of a public interest test with the same rules applied as those for freedom of information requests, that there is a presumption in favour of disclosure.

This is particularly pertinent when taking services back in house or contracting out. The quality of services, reasons for decisions, financial savings and view of beneficiaries should be included.

QUESTION 8a: To what extent do you agree or disagree that requiring authorities to set an award criteria which relates to the quality of the supplier's contribution to jobs, opportunities and skills in the relevant area for all public contracts over £5m and a minimum evaluation weighting of 10%, will help to deliver social value that supports economic growth? [Answer on Likert scale]

Neither agree nor disagree.

Explain answer [2000 character limit]

Whilst there is a strong emphasis on social value during the commissioning and procurement processes, it is unclear the extent to which the contracting authority then

checks what additional social value has actually been delivered. It is essential that there is clear, accurate and truthful reporting on these promises. There have been too many examples where added social value has been only partially delivered or not at all.

It is important that additional social value criteria that focus on jobs, opportunities and skills are relevant and accessible to the intended target groups of people, delivered locally, and are good quality employment opportunities. This focus whilst necessary, risks a public contracting authority adding social value requirements that cannot be achieved by VCSE organisations [or indeed SMEs], and only by large businesses.

QUESTION 9a: To what extent do you agree or disagree that, where authorities have set social value award criteria relating to jobs or skills, mandating that they also set at least one KPI on social value delivery, and subsequently report performance against a social value KPI (published in the contract performance notice), will support transparency of progress against social value commitments? [Answer on Likert scale]

Agree

Explain answer [2000 character limit]

Contracting authorities must confirm what has actually been delivered through social value and report on it. Whilst additional social value is welcome, it is important that social value remains realistic and achievable, so that multiple diverse requirements do not exclude VCSE organisations from bidding.

QUESTION 10a: To what extent do you agree or disagree that requiring contracting authorities to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector and suppliers) in their procurement of public contracts will help to deliver social value in a proportionate manner. [Answer on Likert scale]

Agree

Explain answer [2000 character limit]:

By their very nature VCSE organisations, set up for the benefit of others, have inherent social value. This must be recognised within the procurement act and public sector procurement processes. If Government wants to enable more VCSE organisations to deliver public sector services and other contracts, then specific procurement strategies will need to be developed. For example, in Bedford Luton and Milton Keynes ICB a specific VCSE procurement strategy has been used for non-emergency transport. This has enabled effective provision of services by VCSE organisations.

The diversity of the VCSE sector needs to be involved in co-designing standard social value criteria and metrics to be selected from a streamlined list. The VCSE sector is not just large national or regional charities, but a diverse range of sizes and types of organisations, including grassroots groups, and these voices all have much expertise and knowledge to contribute to this process.

[962 characters]

QUESTION 11a: To what extent do you agree or disagree that contracting authorities should be permitted to define the geographical location of where social value will be delivered as described above? Do you have any suggestions for innovative ways of delivering social value including by creating more flexibility in the current requirements in the Act on relevance and proportionality? [Answer on Likert scale]

Agree

Explain answer [2000 character limit]:

Yes, contracting authorities should be permitted to define geographical location, but we would want to see this limited to the area for which they have responsibility. It would be difficult to justify one contracting authority requiring social value from a contract to be delivered in another area outside their jurisdiction. However, this proposal gives flexibility on where social value can be applied within their area of responsibility and could usefully be targeted to areas of particular need depending upon local priorities and views of the communities concerned.

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The knowledge, community links and experience of VCSE organisations particularly with excluded groups and those furthest from public services, are of significant value to the commissioning authority and should be acknowledged as such as part of assessing social value. This grassroots knowledge and understanding is built on long-term relationships and trust, things that are rarely held by a for profit company.

[1523 characters]