

Response to Cabinet Office Consultation on Further Reforms to Public Procurement – August 2025

Questions

QUESTION 1a: 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?

Strongly Agree

QUESTION 1b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

As large authorities are already required to publish procurement pipelines, extending this to direct spend targets with SMEs/VCSEs is a reasonable extension of obligations, promoting transparency and progress towards targets. This complements the intention of PA23 and the NPPS, normalising transparency in public procurement.

Published targets, and, as importantly, published achievements against these, would bring a sharper focus on authority-by-authority VCSE/SME spend. This would scrutinise authorities traditionally spending less with VCSEs/SMEs, encouraging better practices to spend more. Procurement must be enabling for SMEs/VCSEs (e.g., improving pipeline visibility, proportionate scale/complexity of responses, avoidance of disproportionate insurance requirements).

Targets should reflect the volume, capacity, and capability of SME/VCSE suppliers in respective markets/categories of delivery, rather than uniform cross-governmental benchmarks. Authorities who can support greater SME/VCSE outsourcing should do so, whilst there may be others where SME/VCSE outsourcing may legitimately be more modest.

The approach should encourage authority led capacity building; not simply reporting on SME/VCSE spend, but equally reporting on initiatives, events, etc. which capacity build SMEs/VCSEs to better deliver public services, especially first-time market entrants.

Policy should differentiate between direct VCSEs/SMEs contracts and indirect spend through supply chains, to capture an accurate picture of total spend. To avoid bureaucracy, this might solely extend to “named subcontractors” identified at the point of bidding (a direct delivery role for the goods/services in question), as opposed to broader day-to-day suppliers.

Reform must be designed with simplicity in mind. At a fundamental level, this includes how the status of a VCSE or SME is validated for counting purposes. This may by necessity rely on self-categorisation, but, if so, there a risk of inaccuracy.

1991/2000 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?

Agree

QUESTION 2b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

The basic principle here would afford greater visibility and accountability on how public funds are being spent and could encourage contracting authorities to pay on time and reduce cashflow strain, particularly on smaller SME's and VCSE's.

As with the response to Question 1b, there is a consideration in capturing both direct and indirect (supply chain) spend. There are also capacity considerations for the public sector side should this be extended to all procurements (effectively removing the £30,000 threshold).

There is also a question is to whether this policy should apply solely to new procurements, or to already live contracts, some of the largest of which run for many years into the future. Including the latter may be problematical (potentially requiring wholesale contract variations) but excluding them may mean proposed published disclosures are less reliable and accurate in giving a comprehensive payment picture.

As actual payments made to suppliers could be in the public realm, there is also a consideration as to whether this will generate commercial sensitivity issues (e.g., in disadvantaging incumbents in recompetete tenders).

Finally, due consideration needs to be given to any disproportionate cost and/or bureaucracy incurred by either commissioners or suppliers in resourcing additional audit and record keeping functions to meet this requirement.

1378/2000 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?

Agree.

QUESTION 3b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

We agree with this approach but would stress the importance of contracting authorities themselves adhering to prompt payment. It would be remiss to penalise a supplier for not paying promptly if the authority they are contracted to is itself not paying on time, and a reasonable right of redress should apply in these situations.

We would note the Government's already existing Fair Payment Code (FPC) administered by the Office of the Small Business Commissioner. Reforms should be mindful not to needlessly duplicate this standard. The focus could arguably instead be on mandating those organisations which hold an aggregate high total contract value of public contracts to hold, or be demonstrably working towards holding, this accreditation.

This proposal also needs to recognise that many governmental suppliers also have commercial/private sector (non-publicly funded) customers too and may have payment terms beyond 60 days in these arrangements which both parties accept as fair. As such

consideration needs to be given as to whether such a policy should only be applied to payments made to subcontractors/suppliers who are specifically delivering public goods and services on behalf of the lead supplier.

To make sure suppliers aren't penalised unfairly, there would need to be assurances that any exclusion is based on verified data and that legitimate delays in payments must be considered. The impact of increased bureaucracy for both commissioners and suppliers must be considered, in ensuring robust and auditable checks are in place to confirm invoice payment regimes. Budgeting for this will inevitably divert some spend away from the actual delivery of public goods and services.

On a positive note, this concept could better focus suppliers on ensuring payment practices are ethical, improving cash flow for SME's and VCSE's, and reducing their delivery risk from participating in public contract delivery.

1924/2000 characters

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?

Agree

QUESTION 4b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

Putting people first is the only consideration in determining the vulnerable individuals' needs, where continuity of service, trust and safeguarding take precedent. This includes mental health provisions, abuse support, SEND, and supported housing. Greater procurement flexibilities allow authorities to fully consider such needs; not always possible when abiding by strict/rigid procedures/regulations.

Caution must be applied, learning from the PPE direct award "scandals" during the CV19 pandemic. Any uncontested award must be subject to appropriate checks and balances, ensuring right/proper use of public money, informed by recognised experts from each applicable service area.

The nature/urgency of the proposed service should be weighed up, i.e., is there a materially adverse impact on a cohort's health, safety or wellbeing if a contested procedure is applied. Scenarios appropriate for uncontested awards are likely to be specific (e.g., failure of an incumbent supplier, a public health emergency, or a natural disaster). Beyond these, well-planned procurements should be the norm.

Where an incumbent supplier is performing well, a service continuation, rather than a default recompetete, is in both the public and the service users' best interest. Social care and community health are examples where vulnerable service users' have longstanding, trusted, and safe relationships with the suppliers/keyworkers already supporting them. Change for the sake of it may ultimately have adverse consequences.

Lessons can be taken from the design/implementation of the NHS's Provider Selection Regime, adopting this model for relevant CPV codes beyond healthcare. This avoids duplication of effort leverages established training/resources.

At the same time, policy must prevent closed shops. Not contract should be let on an indefinite rolling basis, and contestability should be rightly applied at appropriate intervals. New solutions and innovation should not be discouraged/blocked.

1995/2000 characters

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).

Caution is needed in discussing processes "not permitted" in PA23 without clarity of what these are, especially uncontested awards. Decisions should be driven by the nature/complexity of the problem faced. Optimal solutions are not linear, but instead require well-considered, unambiguous, and clear guidelines to correctly identify where an alternate procurement is appropriate (e.g., healthcare involving individual choice/complex needs, or residential education services).

Disadvantaged individuals requiring specialist social/human services often feel marginalised and distrusting of public services, especially where service providers, formats and outlets may change through procurement recompetes/reboots. Sometimes there are grounds to build flexible/responsive long term offers, based on a clear/consistent framework of support. A less restrictive/prescribed approach to procurement, leveraging individual choice, social value, and social investments.

Categories include Specialist community integration/rehabilitation CPV75231240-7; Rehabilitation CPV85312500; Vocational rehabilitation CPV8531250; Community action programmes CPV85322000; and Community health CPV85323000. Uncontested, yet qualified, procurement may also be valid in response to regional/national incidents (firefighting supplies, PPE) or as matters of national security.

Decision making drivers include:

- Clarifying where, when and how services can be directly awarded based on quality, service user choice and continuity.
- Consideration where a services cuts across the remit of different authorities, where innovative co-procurement may be appropriate / afford better value.
- Better utilising flexible frameworks, dynamic markets, and grant funding, encouraging take up of established/fit-for-purpose channels, rather than duplicating them.
- Encouraging partnership-based commissioning as per VCSE Crown Representative's recommendations.
- Embedding user voice and community insight in the process.

1996/2000 characters

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?

Shaw Trust, a national employment charity, delivers a 10-year Strategic Employment Support Contract for the West London Alliance (WLA). Initially established to deliver two health/employment programmes (Connect to Work and WorkWell) the contract has an order form process to allow for co-designed services to flexibly evolve in line with service user needs, e.g., WLA used this to directly award a Muscular Skeletal Trailblazer, one of the Get Britain Working Trailblazers. The synergies and economies of awarding multiple services to the same established provider made clear operational and taxpayer sense. The contract is

not exclusive though; WLA have freedom to procure services from other suppliers if appropriate.

Extending direct awards for services supporting vulnerable and disadvantaged adults better allows contracting authorities to work proactively with suitable and capable suppliers to develop long term contracts and partnerships. This affords greater emphasis on testing and evolving live services where commissioner and supplier alike have long term skin in the game, as opposed to short-term, isolated test-and-learn contracts, which may fail to demonstrate the full potential of innovation, investment, quality and taxpayer value. The NHS's Provider Selection Regime is another vehicle which could be replicated/expanded here.

Although not relating to people-focused services per se, the Aurora Engineering Partnership is an Engineering Delivery Partnership (EDP) as a possible vehicle that could be transferable. The EDP is a default route for procuring engineering services for Defence Equipment & Support (DE&S) and other MOD departments/agencies. It's a partnership between QinetiQ, AtkinsRéalis and BMT, supported by a network of specialist providers. It serves as a responsive and strategic procurement vehicle, providing capacity and capability, and focusing on output-based/longer-term outcomes to maximise efficiencies, performance and innovation.

1978/2000 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?

Agree.

QUESTION 7b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

Effective, impartial and objective Public Interest Tests (PITs) can determine the best approach for quality services, ensuring long-term VfM and social value. Decisions to insource, outsource, or use a hybrid model, must be based on which best achieves these objectives.

PITs can improve accountability, public trust, clarity and consistency between authorities. If done incorrectly it could also mean extra buyer bureaucracy, risks of tick-box compliance, slower processes, and new grounds for legal challenge.

Core organisational capabilities (insourced/outourced) must be understood prior to making decisions, focused on delivery value rather than default insourcing. Objectives from the goods/services must be explicitly established at the outset, adhering to playbook principles, not after any PIT is concluded. Effective authority training/guidance are required to apply PITs accountably.

Authorities must make informed decisions rather than simply expanding in-house capabilities. Insourcing driven by a perverse incentive to financially shore-up other underfunded authority services must be assessed carefully, especially for authorities under special measures or Section 114 notices.

Little evidence supports the case that "insourcing improves accountability, service quality, and employment standards". Insourcing is rarely contingent on PbR, which drives accountability (no outcomes, no payment). Suppliers reliant on public contracts understand

the imperative of service quality and employment standards as predeterminants of business retention/growth through future tenders. Service failures occur, but there are examples in both insourcing and outsourcing.

A PIT in every scenario may not be required e.g., outsourcing for specific goods/services where there is a longstanding history of doing so, or where goods/services required are markedly outside of authority capabilities to insource. A PIT here potentially adds further unnecessary bureaucracy.

1997/2000 characters

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 or skills for all public contracts over £5m and with a minimum evaluation weighting of 10%, will help to deliver social value that supports economic growth?

Agree.

QUESTION 8b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

A 10% social value weighting should not in itself preclude SME/VCSE suppliers bidding for £5m+ contracts. The Social Value Act already stipulates that, for contracts values over £100k, and where it's appropriate to generate social value, a minimum weighting of 10% will be applied. In this regard, current legislation already accommodates the essence of the proposal.

Social value is not limited to jobs, opportunities and skills. 10% of bid score for social value including jobs, opportunities and skills is arguably proportionate. For the avoidance of doubt, 10% of bid score solely for jobs, opportunities and skills, with an additional percentage ringfenced for social value outcomes over/above these, is likely to be disproportionate in most cases. This approach displaces other social value priorities and denies authorities the ability to set their own social value priorities.

This question also crosses over with Q10. Defining standard social value criteria and metrics creates scope for commitments to jobs, opportunities and skills be higher weighted by design in comparison to other social value outcomes. There may, however, equally need to be acceptance of a weighted downgrading of, for example, environmental criteria to offset this. As per our Q10 response, such criteria/metrics should be co-designed carefully with suppliers and bid professionals, albeit such an approach should be readily workable. Creating new jobs may not be relevant to every contract, and an obligation to do so could be a disincentive to bid.

There may be rare exceptions where a 10% social value weighting is inappropriate, e.g., where national security outweighs social value considerations. Such scenarios should nevertheless be subject to scrutiny, in preventing certain industries (e.g., defence, which is arguably a current outlier) from establishing cultures/mindsets whereby all procurements are given a wholesale social value "free pass". A consistency of social value obligations is key.

1991/2000 characters

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?

Agree.

QUESTION 9b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

This is welcome and key to ensuring that social value is delivered. If authorities are specifying social value goals, and suppliers are making social value commitments in their tender responses, it is right and proper that both are held to account to deliver.

We would, however, urge Government to provide guidance to authorities. This would ensure that, firstly, KPIs are set at an appropriate, informed and achievable level, without setting up suppliers to fail. Secondly, it would ensure that a full range of social value options are considered as a basis for published KPIs, and not just those which are most easily measured.

Publishing of KPI data should enable public audiences to reliably compare “apples with apples”. For example, Contract A may have potential to deliver against a high volume KPI for social value job outcomes, whereas Contract B may not. This does not mean that the supplier of Contract B is necessarily underperforming in KPI terms in comparison to the supplier for Contract A. This also needs to be accounted for in how, when evidencing KPI achievement in future bids, an appropriate and fair level playing field is retained.

Guidance for authorities, and KPI structures, across this agenda should be developed and co-designed in consultation with suppliers and bidding professionals.

1313/2000 characters

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.

Agree.

QUESTION 10b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

There has been an over commercialisation of the marketplace for Social Value (SV) reporting, with a proliferation of tools/portals. As the public sector is the primary customer, there should be greater checks/balances. Currently, different authorities use too many different SV portals, metrics and criteria in their procurements.

This makes it harder for suppliers contracted to multiple authorities to have their own singular, coherent SV strategy and plan. Facilitating a standardised list, developed with industry / bidding professionals, to ensure appropriateness with clear, objective and industry neutral metrics may help suppliers of all types/sizes.

Standardised SV metrics create scope to prioritise the quality of outcomes more so than the quantity. The totality of a SV response must be considered. A streamlined list of metrics may indicate what a supplier intends to deliver, but it will not explain how it intends to deliver these or demonstrate their competency and capacity for doing so. As such, a standardisation

of SV metrics should be accompanied by a standardisation of accompanying tender requirements i.e., in terms of the wording of accompanying technical questions, and the potential inclusion and evaluation of supplier SV strategies.

Overprescription and/or a narrowing of parameters may stifle social value innovation and lead to a cost only exercise, less focused on worthy, but more immeasurable, societal benefits. SV should arguably be specific to community requirements, otherwise it could be little more than short term value with limited lasting effect. Any list driven approach should still have a mechanism to recognise/reward innovation.

Milton Keynes' More for MK social value approach has 2 core themes and 4 pillars. The 4 pillars aren't set in stone, as what someone can offer for one contract can differ to what someone else can offer on another. The flexibility is perceived as crucial.

1979/2000 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?

Neither agree nor disagree

QUESTION 11b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

There is arguably an overarching principle that social value resulting from UK publicly contracted services should be delivered and achieved within the UK. Beyond this, the reasonableness of an authority to mandate the geographical location where social value will be delivered should be subject to the nature and scale of the services being commissioned.

Mandating geography for low value and/or short-term contracts raises wider questions of fairness and best value (e.g., putting an out-of-area but well qualified supplier potentially at a disadvantage to an in-area but less well qualified supplier). Indeed, such criteria may create unintentional market barriers for some SME and VCSE suppliers, capable of delivering a quality service, but not able to offer locality specific social value.

Similarly, Government should reflect on the importance of locality on services that can be reasonably delivered remotely (e.g., business services such as accountancy, legal, and HR). Again, a mandatory 100% of social value outcomes to be delivered in-area for such suppliers who are located out-of-area could create market barriers. It may, in some situations, be more appropriate for a reasonable and proportionate share of social value to be delivered in a prescribed locality, with the balance delivered elsewhere.

At the same time, where a contract implicitly involves establishing infrastructure, hiring staff, and/or delivering face-to-face in person services in a specific locality, then it is not unreasonable for the weight of social value outcomes to benefit the same locality. Ultimately this is a matter of proportionality, permitting authorities to define geographical areas of delivery where there is a case for this, but otherwise affording discretion to bidders.

1780/2000 characters