

All change for public contracts

Making up a third of all public spending in the UK – more than £290 billion every year – public sector procurement of works, services and supplies is facing change, *writes Colin Jones, HCR Hewitsons.*

Major legislative reforms are proposed to manage public procurement by central and local government and other bodies which use public funds.

The Spring Queen's Speech included an announcement that the government intends to consolidate the hundreds of regulations which make up the UK's procurement rules into a single legal framework. A new Procurement Bill is expected later this month.

A recent Procurement Policy Note (PPN), giving a foretaste of the anticipated new law, has been issued by the government, requiring that contracting authorities should direct their procurement policies to achieving:-

- The creation of new businesses, jobs and skills – helping businesses grow
- Increasing employment opportunities including in disadvantaged areas
- Action on climate change and a reduction in waste – contributing to the UK's commitment to reduce greenhouse gas emissions to net zero by 2050
- Improved supplier diversity, innovation and resilience – supporting small and medium sized business, use of new technologies and new methods of delivery.

In line with an earlier government Green Paper on Transforming Public Procurement, which previews the proposed new legal regime, the PPN calls on contracting authorities to review

procurement and contract management across their organisation. They are asked to benchmark themselves annually against commercial and procurement operating standards.

The aim is that authorities can see whether they have the appropriate procurement skills and capabilities to deliver value for money and be ready for the proposed reforms to the existing public procurement regulations which derive from the UK's previous membership of the European Union.

Depending upon their scale of expenditure on procurement, authorities are being tasked under the PPN to ensure that their procurement and commercial teams have the appropriate capabilities and capacity.

Public procurement activity will continue to require transparency in engagement with the supplier market, the proper scrutiny of procurement decisions and good custodianship of public money. In addition, opportunities for collaboration with other authorities to deliver procurement needs will be considered, as well as whether each has sufficient capability to ensure tax payers' money is spent effectively and efficiently.

For now, while the PPN requires the public sector to prepare itself for changes to come, the existing Public Contracts Regulations 2015, derived from EU directives and transferred into UK law, continue to apply.

The UK has also joined the World Trade Organisation's Agreement on Government Procurement as an independent member, in order to ensure continued access to the £1.3 trillion of overseas public procurement which UK exporters will want to have the opportunity to tender for.

So the intended new public procurement regime will need to be established in line with the international framework which the UK has signed up to, although the Green Paper has set out

ambitions to develop beyond the constraints of the previous structure.

For contractors, construction professionals, suppliers to the public sector and those who look for public sector opportunities, the promised changes will be of great importance and they will be addressed in a webinar presented by leading construction and procurement expert Sarah Hannaford QC.

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