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Competition in public procurement

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Report, together with formal minutes relating to the report

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The Committee of Public Accounts

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Summary

In 2021–22 government spent £259 billion on the procurement of goods and services, yet the Government has not demonstrated that it has consistently used its purchasing power to support local and national policies and objectives, or to drive healthy and competitive markets, including buying from SMEs. Public authorities have often not been effective in engaging with markets and potential suppliers, not helped by a lack of clear guidance from government. Furthermore, Government is unable to evaluate competitive trends in markets or demonstrate that it is achieving value for money in public procurement. Good procurement practice is essential to provide good quality services to citizens, support greater transparency and probity and provide value for money. Government does not routinely measure how much of public procurement is competitively tendered, but of the total contract value awarded by major departments during 2021–22, around two thirds was subject to competition in some form. Government has estimated that more effective use of competition in public procurement could achieve savings of £4 billion to £7.7 billion per year. These savings could generate value for money benefits by potentially reducing the cost of public sector contracts, through more efficient, streamlined, and flexible procedures including pre and post tender, driving commercial excellence and improving commercial capabilities.

Competition can help support efficiency, innovation, and quality in public services, by allowing buyers to select the bid that can supply the optimal balance of benefits and cost. Given the level of government spending and the increased trend to use framework agreements to get the most competitive benefit, at least administrative cost, it is imperative that government, local authorities, and arm's length bodies make the right decision, at the right time, and take account of the multiple opportunities to use competition in public procurement to achieve value for money. However, government has not been fully capturing data on procurement, much less using the analytics from the collected data to draw insights on how competition in public procurement is operating within government and give context to purchasing decisions. The shortfalls in data hinder government's ability to solve procurement issues, capitalise on value for money benefits or evaluate the functioning of competitive, innovative, and open markets.

The Procurement Act offers opportunities for government to make improvements to the procurement process, including improving the collection of public procurement data and making effective use of framework agreements to achieve competitive benefits from the market. We believe frameworks can be successful and work well for the purchase of common goods and services without reducing competition, if carefully managed. However, this can be hard to get right if government underestimates the importance of developing and maintaining commercial expertise across government including local authorities and arm's length bodies. While we acknowledge that government has made progress to professionalise the commercial function at the centre, we are concerned that it has not sufficiently prioritised the need to develop that expertise across government, to ensure the successful implementation of the Procurement Act.

Introduction

Government spent £259 billion on the procurement of goods and services in 2021–22. Of the total contract value of more than £100 billion awarded by major departments during 2021–22, around two-thirds were subject to competition in some form. Given this is a significant area of government spending, there is a genuine interest in ensuring government effectively uses competition to achieve value for money, public benefit, transparency, and probity. Illustrative scenarios included in the impact assessment for the Procurement Act suggest government could achieve savings of £4 billion to £7.7 billion per year through increased competition.

Departments and other public bodies are responsible for carrying out their own procurement exercises. The Cabinet Office, its central commercial teams within the Government Commercial Function, and its executive agency the Crown Commercial Service offer support publishing guidance, monitoring suppliers, offering advice, and running procurement frameworks for common goods and services.

The Crown Commercial Service is also responsible for providing some commercial services to the public sector, which includes running procurement frameworks. These frameworks are designed for procuring common goods and services and are intended to help departments access economies of scale and reduce administrative cost. Government departments and other public bodies are required to use open competition in their procurements, under the Public Contracts Regulations 2015 and related statutory instruments.

At the time we took evidence, Parliament was considering the Procurement Bill, which has now received Royal Assent to become the Procurement Act 2023 and will replace the current legislation. With the introduction of the Procurement Act, this is an opportunity to look at lessons learned from government's transformation programme in procurement from the last 12 years.

Conclusions and recommendations

1. **Government is unable to evaluate competitive trends in markets or demonstrate that it is achieving value for money in public procurement, due to significant issues with the quality and completeness of data on contracts.** Departments and other public bodies are required to publish information on prospective and awarded contracts on two databases, Contracts Finder, and Find a Tender. The Cabinet Office, including the Government Commercial Function and the Crown Commercial Service, acknowledge that the data they hold and publish is not good enough. An analysis of publicly available contract award notices on Contracts Finder, one of two contract databases, for the period 2018 to 2022 found that 6% of large contracts did not have basic information on the procurement procedure used. The Government Commercial Function agreed that it is important to maintain good data to track the trend of key performance indicators on whether contracts are delivering. But the poor quality and incompleteness of data means government is unable to evaluate competitive trends, understand how effectively markets are open to small and medium enterprises (SMEs) and other companies outside government's strategic suppliers, or set out clear directions and guidance for contracting authorities. The Cabinet Office expects the Procurement Act to help address the data issues, alongside the implementation of a single source of data.

Recommendation 1: *Within three months of the coming into force of the Procurement Act, the Cabinet Office should define how it will use data to evaluate competitive trends and set out clear directions and guidance for contracting authorities on:*

- *the collection and publication of data relating to all contracts, including any modifications to the contracts.*
- *the requirements for timeliness of reporting information on the new contract database.*
- *the collection of data to assess the outcomes achieved.*
- *collecting data on supplier performance to inform future procurements.*

In order to enhance transparency, within the same timescale it should also provide a comprehensive report setting out a suite of measures designed to improve the publication of contract details, including in particular how the two contract databases (Contract Finder and Find a Tender) can be populated with complete and timely information.

2. **Public authorities have often not been effective in engaging with markets and potential suppliers, and government has not provided clear guidance on how to meet requirements to treat suppliers equally while best supporting value for money.** Departments and other public bodies often take an overly cautious approach to engagement and are not always clear on how to understand the markets and suppliers they buy from. Engaging with potential suppliers throughout the commercial lifecycle can help departments and other public bodies understand what the markets can provide, while providing suppliers with an opportunity to

highlight potential innovations and efficiencies they can bring to the contract. Without this engagement, it is harder for departments and other public bodies to craft sufficiently clearly defined requirements that the market is able to provide. Overambitious requirements can reduce competition and distort the market by limiting the potential supplier pool. Particularly deterring smaller businesses that may think they cannot meet the requirements from engaging with public bids.

Recommendation 2: *The Government Commercial Function and Cabinet Office should set out, as part of its Treasury Minute response, further details explaining the guidance and mechanisms that it has put in place to promote best practice for public authorities to appropriately conduct early engagement, without distorting the market, such as:*

- *carrying out discussion of problems facing the contracting authority, to help identify solutions, or give the market an opportunity to develop solutions to solve the problems.*
 - *asking important questions to potential suppliers to allow contracting authorities to refine their requirements and create clearer specifications.*
 - *gaining a better understanding of what the market can supply, any contractual constraints and whether the budget, resourcing and timescales are achievable.*
 - *raising awareness of the potential procurement, that could encourage competition and increase the number of potential bidders.*
3. **Framework agreements have become the most prevalent route for public authorities to buy common goods and services, but the Government Commercial Function has not provided sufficient guidance to address the potential risks to competitive benefits.** Framework agreements involve an initial competition for suppliers to gain access to a framework, followed by a shortened call-off process for contracts to be awarded to one of those framework suppliers. Government use of frameworks for large contracts increased from 20% of contracts by value in 2018–19 to 68% in 2021–22. Inappropriate use of frameworks may lead to limiting competition either by not having enough suppliers for a mini competition or too many suppliers to effectively award a contract. The Crown Commercial Service is the largest provider of frameworks for common goods and services, across the public sector. But there are gaps in the data provided by authorities which mean that the Crown Commercial Service lacks data on the number of direct awards made without re-opening competition. The Cabinet Office agrees that it needs more structured data and more effective processes to track procurement from frameworks through the commercial lifecycle to monitor savings effectively.

Recommendation 3: *The Cabinet Office should issue guidance, for example a ‘Framework Playbook’, within six months to provide central guidance for government buyers on key policies about:*

- *The project delivery model assessment to be carried out by government buyers to inform recommendations on whether a department should or should not use a framework.*

- *The effective management processes for frameworks.*
- *The collection of appropriate data to assess whether the outcomes of the framework have been achieved.*

4. **Government has not demonstrated that it has consistently used its purchasing power to support local and national policies and objectives, or to drive healthy and competitive markets, including buying from SMEs.** Government could not provide evidence that it is consistently using its purchasing power to create new businesses, new jobs, and new skills, to tackle climate change and reduce waste, and to improve supplier diversity, innovation, and resilience. The way that social value requirements are implemented can leave smaller businesses, as well as larger companies unable to meet them constraining their ability to bid on public contracts. Public authorities are not yet approaching this consistently to support SMEs to develop and build resilience to a level where they can bid on public contracts. Crown Representatives have helped government to understand its markets, but further work is needed to support SMEs.

Recommendation 4: *The Cabinet Office should set out, as part of its Treasury Minute response, details explaining how it will revise its Sourcing Playbook and support government buyers towards achieving a consistent approach to balance achieving economic, social, and environmental wellbeing with unnecessarily imposing artificial constraints that create barriers to entry for SMEs.*

5. **We are concerned that the government may not have sufficiently considered the time, money, and resources required to provide the commercial capabilities to successfully implement the Procurement Act 2023.** The Procurement Act received Royal Assent on 26 October 2023. Government has announced plans for the Act's secondary legislation, and the new regulations are expected to be implemented fully by the end of 2024. However, the Cabinet Office and Government Commercial Function do not yet have a clear plan for the investment required, or a timeline of necessary steps to ensure that the wider public sector has the critical commercial skills required to achieve the intended far-reaching changes to the public procurement landscape. Departments and arm's length bodies need to understand how to establish the right conditions for effective competition, varying approaches as needed across sectors and procurements. The Government Commercial Function does not have data on all relevant individuals within contracting authorities, such as arm's length bodies or local authorities, that should be upskilled on the requirements of the Procurement Act. This could impede the process of implementation across the public procurement landscape.

Recommendation 5: *The Government Commercial Function and Cabinet Office should set out, as part of its Treasury Minute response, further details explaining arrangements for:*

- *How they will manage the process transitioning from the Public Contracts Regulations 2015 to the Procurement Act, including timelines, cost implications and resources required.*

- *The learning and development plan to ensure government buyers have and continue to develop the commercial capabilities required to successfully implement the new legislative framework and ensure effective competition in public procurement.*

1 Making competition work in public procurement

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Cabinet Office, the Government Commercial Function (GCF) and the Crown Commercial Service (CCS) about the government's purchase of goods and services through competitive procurement.¹

2. Government purchases a wide variety of goods and services through competitive procurement processes, from facilities management services to specialist services such as probation, to new IT systems or large-scale infrastructure projects.² Government suggested in the impact assessment to the Procurement Act that it could achieve savings of £4 billion to £7.7 billion per year through increased competition in public procurement.³ The Cabinet Office explained that these benefits would come partly from improvements in competition and innovation, lowering transaction costs through a simpler system, and a higher level of participation through improved transparency.⁴

3. Competition acts as a means of supporting probity, transparency, and confidence in public spending. Where the principles of competition are applied, the way that the process is run can affect how effective any competition is at meeting the buyer's needs and maximising benefits in price and outcomes. The Public Contracts Regulations 2015 and related statutory instruments set out the underlying principles of equal treatment and seek to ensure that public bodies follow fair and reasonable procurement timetables and procedures. They highlight the consequences, such as artificial narrowing of competition, of failing to follow these principles, but do not actively define effective competition. The replacement Procurement Act likewise reflects principles of proportionality, transparency and ensuring that suppliers do not have an unfair advantage or disadvantage.⁵

Using data to support Government's understanding and oversight of competition

4. Government spent £259 billion on procurement of goods and services in 2021–22. However, it does not measure how much of that public procurement is competitively tendered.⁶ GCF told us that if you look at central government savings over the last three to five years, since they have been tracking it properly, they have generally been saving 4% to 6% on £70 billion spending at central government, at the same time as getting better delivery.⁷

5. As well as having competitive processes in place, it is important to have the right arrangements in place to collect data on those markets and intervene as needed.⁸ For example, in 2021, the NAO found that in the vast and diverse social care, market, the accountability and oversight arrangements in the adult social care market in England did

1 C&AG's Report, [Lessons learned: competition in public procurement](#), Session 2022–23, HC 1664, 19 July 2023

2 C&AG's Report, para 1.3

3 C&AG's Report, para 4

4 Q 2

5 C&AG's Report, para 2

6 C&AG's Report, para 4

7 Q 2

8 C&AG's Report, para 3.25

not work. Despite its accountability for the performance of the care system, the Department of Health & Social Care lacked visibility of the effectiveness of care commissioned and there were significant data gaps. As such, it could not assess the outcomes achieved across the system.⁹ The GCF told us that the data in the wider public sector is less good than it is in central government.¹⁰

6. The poor quality of much of government's published data on contracts reduces transparency and makes it harder to identify and promote best practice. Better information would allow government to analyse how many contracts different departments award to small and medium enterprises (SMEs) or strategic suppliers. Public bodies are required to publish large amounts of information on prospective and awarded contracts. Basic information on which procurement route was used was missing for 6% of contracts recorded on Contracts Finder, one of two public contract databases, from 2018 to 2022. Information on other aspects of contracts is collected inconsistently between Contracts Finder and Find a Tender, and most departments do not consistently publish all contracts within the required time.¹¹

7. The Cabinet Office's central commercial teams also collect some aggregate contract information from departments' own data systems. It uses this data for some analysis of overall trends, but does not use the more detailed contract information to conduct any analysis of competition or markets. Of 235 large contracts recorded on Find a Tender between January 2021 and January 2023, 20% of contracts using open competition received only one bid. The Cabinet Office has not assessed the expected level of single bidders within government's major markets or analysed trends in numbers of bidders.¹² The GCF acknowledged that the data in this area is not good. The GCF told us that with the Procurement Act, it plans to put in place a better transparency platform that collects bidder information at multiple stages.¹³

8. We asked the CCS why the existing procurement information does not seem to be used effectively to improve procurement or analyse competition in the marketplace.¹⁴ CCS told us that there is some information in the databases, but the information is not necessarily as full as it should be. The CCS commented that using the current data to compare and contrast is not necessarily the right thing to do. The CCS said that going forward, more information will be available to it.¹⁵ The GCF told us that government uses the data to track key performance indicators, in terms of whether these contracts are delivering and looks at the number of government vendors that collapse.¹⁶

9. The GCF explained that part of the problem is that because multiple contracting authorities can enter data on suppliers, the same supplier could have different identities in today's database. The GCF expects that a single supplier information database would address this issue in the future.¹⁷ It commented that the new single database will be better

9 C&AG's Report, para 3.26

10 Q 2

11 C&AG's Report, para 15

12 C&AG's Report, para 16

13 Q 21

14 C&AG's Report, para 2.16

15 Q 41

16 Q 18

17 Q 50

than the ones inherited from the EU, which was last updated in 2015.¹⁸ We were also told by the Cabinet Office that the single database will make it easier for potential bidders to anticipate upcoming contracts.¹⁹

10. While government is moving towards improving the quality and completeness of public procurement data, there remain significant gaps in the data.²⁰ The Cabinet Office told us that government expects the Procurement Act to help address data issues, alongside the implementation of a single supplier information database.²¹ The Cabinet Office highlighted that the Procurement Act creates new reporting obligations for contracting authorities that were not previously caught by the Public Contracts Regulations 2015.²²

11. We wanted to know whether the move to a single database will save money. The GCF told us that government will not save much money, but suppliers will save money. The GCF highlighted that it is annoying for suppliers, particularly SMEs, to have to fill in different registration systems.²³

12. Given the move to a single supplier database we were interested to hear the challenges government foresaw with the transfer of data to the new system. The GCF commented that there are 10,000 contracts and 20 fields per contract on the current databases, “so it is not an insurmountable problem”; and it is especially important to maintain that data to continue to track trends of key performance indicators.²⁴ The GCF added that the proposed method of migrating information should help government get it right the first time.²⁵

Understanding the appetite and capabilities of suppliers through market monitoring

13. Departments have opportunities throughout the lifecycle of a contract to improve the effectiveness of competition. Making the most of the opportunities available through competition starts from departments designing realistic requirements for goods or services and using these to inform their source. While Cabinet Office guidance encourages the need for departments to engage the market sufficiently, departments often take an overly cautious approach to engagement and are not always clear on what they can do.²⁶ Departments are also unclear how to engage with the market before they let a contract, and do not consistently follow central guidance.²⁷

14. The GCF told us that it accepted all of the recommendations of the NAO report, and welcomed the recommendation that the Cabinet Office, GCF and CCS work with departments to understand the barriers to early market engagement and take steps to address them.²⁸ The GCF agreed that there is a need to make sure that public authorities spend enough time understanding the market up front—what the market can deliver and

18 Q 43

19 Q 61

20 C&AG’s Report, para 15

21 Q 61

22 Q 62

23 Q 56

24 Q 50

25 Q 43

26 C&AG’s Report, para 11

27 C&AG’s Report, para 18

28 Q 13, C&AG’s Report, para 20

what best practice is in the market—rather than coming up with what they would ideally like, which may not be deliverable. The GCF agreed that the government has often not understood what the market can deliver.²⁹

15. We asked about checks and balances which could help ensure that departments are mindful that a mismatch between the procurement and the level of detail in the requirement can undermine the benefits of the competitive process.³⁰ The GCF told us that the key moment of intervention is the strategic outline business case where the Cabinet Office and GCF ask the public authority whether they have an understanding of what is required.³¹

16. In 2020 the Department for Education’s (DfE) management of the free school meals voucher scheme during the covid-19 pandemic, was an instance where further information would have been valuable to help manage the risks of the project. DfE awarded a contract through a CCS framework on which there was a single supplier. However, it had limited evidence on the supplier’s capacity to deliver the voucher scheme to the pace and scale required.³²

17. We asked what mechanisms were in place to look at a sector and identify where perhaps the market is “thin” in terms of competition and there are too few bidders or perhaps the suppliers that come through are not as good as government would like. The CCS commented that there are 350 staff with sector knowledge, in the organisation tasked with engaging with markets. The CCS told us that these staff are employed for their expertise and experience to make certain that central government understands what is going on in the markets.³³

18. The CCS told us about the work they are doing to bring more suppliers in with some of its frameworks like the technology-based G-Cloud framework. The CCS commented that 99% of business done through G-Cloud is below £5 million, but it is not the only vehicle for opening the market to smaller businesses to bid on government contracts. The CCS told us that during the pandemic, it put in place a low-value procurement platform for any contract for common goods and services below £140,000. When asked how government ensures that there really is competition, the CCS noted that it is not mandatory for government buyers to engage with suppliers on CCS framework agreements. The GCF further explained that for procurement of less than £140,000, government buyers can directly award without reference to CCS frameworks.³⁴

19. The Cabinet Office told us that particularly in defence and similar areas, departments might say, “I know who would be bidding for that”. The challenge then is to go out into the international market or look into the smaller providers to provide a realistic challenge against the incumbent or the obvious bidder. There are a mix of things that are general improvements to the thin market problem; and the Cabinet Office is focusing on sectors where it sees an excessive concentration.³⁵

29 Q 13

30 C&AG’s Report, para 3.8

31 Q 14

32 C&AG’s Report, para 3.17

33 Q 22

34 Q 19

35 Q 23

Guidance on using framework agreements

20. Framework agreements involve an initial competition for suppliers to gain access to the framework, followed by a shortened process for a department to select and appoint a supplier from the framework for a specific contract.³⁶ Government use of frameworks for large contracts increased from 20% of contracts by value in 2018–19 to 68% in 2021–22.³⁷ Frameworks are designed for procuring common goods and services to allow departments to realise benefits from economies of scale, but they are not always the way to achieve the best competition.³⁸

21. The GCF commented that frameworks are growing and highlighted that there is a distinction between good and bad frameworks as well as too many frameworks. The GCF told us that on one count, procurement organisations together offer around 8,000 construction frameworks, many of which are single-supplier frameworks. The GCF further told us that a couple of years ago, it commissioned a piece of work by the King’s Fund—an independent charity focused on health and care—that helped define what a good framework looks like.³⁹

22. The CCS agreed that there is a pronounced trend, in terms of value, to increasing use of framework agreements moving from other competitive procedures defined in the Public Contracts Regulations 2015. However, CCS did not consider that they were the “wrong” vehicle, but “just one vehicle that we use”. The CCS told us that of the c£260 billion of spend in government every year, £120 billion is what CCS calls its “marketplace” for common goods and services. The CCS agreed that it is certainly the largest, in terms of the volume of commercial agreements, with 86 frameworks. The CCS also told us it has dynamic purchasing systems, which are more flexible and open, in as much as you can bring new suppliers in at any point, whereas a framework is closed for a period of time.⁴⁰ CCS told us it believes that frameworks do the right thing in terms of competition “if one uses them correctly”.⁴¹

23. The NAO report identified the need for accurate analysis of costs and benefits to both inform decisions and provide potential suppliers enough information to price bids accurately.⁴² The GCF told us that it is fair to say that there is a gap in data about direct awards from frameworks, which will be plugged by the transparency regulations under the new Procurement Act; that will allow government to see where those are and to close them down. The GCF told us it did not see any evidence of favouritism in contract awards.⁴³ The GCF said that it is trying to find the “sweet spot” between having too many bidders for something, in which case all but one of them will have wasted bid costs, eventually inflating the cost to the public purse; and too few, which it said was also the wrong answer.⁴⁴

24. The CCS commented that government has not extended any frameworks other than during the time of the pandemic. The CCS’s believes that bringing the framework back to market and getting competition is the right thing to do. We were told by the CCS that the

36 C&AG’s Report, para 2.9

37 C&AG’s Report, para 2.8, Figure 5

38 C&AG’s Report, para 13

39 Q 11

40 Q 9

41 Q 10

42 C&AG’s Report, para 3.9

43 Q 23

44 Q 42

price listed on the framework is the maximum price that the supplier would charge. CCS told us that it advises its customers to run a mini-competition on frameworks, so that they can then get a better price.⁴⁵

25. We asked the GCF whether there was a requirement for departments to publish all contracts awarded off a framework. The GCF described that there are such requirements but that full contract publishing currently only applies to central government. The GCF commented that contracts from NHS trusts, for instance, do not today fall under contract publishing requirements, but will in the future.⁴⁶

26. We asked how government would ensure that it was not creating barriers preventing SMEs from getting on frameworks. The GCF commented that SME spend has increased from £11 billion in 2016–17 to £21 billion last year. CCS and the GCF explained to us how they try to make certain that SMEs are a market for the government, because they recognise the innovation that an SME could bring. They told us that, of the 11,000 CCS suppliers, 4,500 are new suppliers to government over the last five years and 8,300 are SMEs. GCF told us that it is hopeful that the Procurement Act will widen the use of dynamic purchasing agreements, so that they can have open frameworks that can be opened on periodic dates to let more suppliers in. GCF told us that, even if it is a four or five-year framework, it could let suppliers in annually or six-monthly, depending on how the framework is set up.⁴⁷

45 Qq 34–35

46 Qq 65–66

47 Q 11

2 Transforming public procurement

Supporting wider policies and objectives through public procurement

27. The NAO report highlighted the value of departments considering how a contract will contribute to meeting key social priorities such as fighting climate change, creating jobs and promoting innovation.⁴⁸ We questioned how much consideration has been given to using government's immense purchasing power to encourage business to behave in a way that meets government's other objectives. The GCF described three things that it had felt appropriate to mandate: first, that government will not deal with businesses that do not pay their suppliers promptly; second, that the GCF had introduced a requirement for suppliers for contracts over £5 million to have a net zero policy in place and a target for that; and third, that there is a modern slavery exclusion.⁴⁹

28. The GCF told us that the "next level down" of issues are things that could be covered in the social value elements of the contract. The GCF commented that at least 10% of the evaluation criteria for contracts should be allocated to a social value dimension. The GCF had provided a menu of social value criteria for procurement staff, with recommended metrics that should be used to assess contracts.⁵⁰

29. We have previously commented, in our report on transforming rehabilitation, that the MOJ had frozen voluntary sector organisations out of the bidding because they were unable to provide the onerous Parent Company Guarantees required to tender for the contracts.⁵¹ We wanted to know what support is available for smaller businesses that are committed to delivering social value, but the size of the contract makes it difficult for them. The GCF commented that the social value criteria is applied at a contract level.⁵²

30. However, for contracts that are too small to be able to fund a certain number of apprentices, it is difficult to sensibly embed social value. We wanted to hear how government is planning to review this or engage with small businesses to address this. The GCF commented that one of the purposes of the SME Crown representative is to try to tease that out. The GCF told us that if something is so small as not to be easily measurable, that will also apply to the large company that is bidding. The GCF explained that if the larger company says, "I will put a whole apprentice on that", but the smaller company can only put half an apprentice on it, maybe we do have the right result. The GCF reflected that in that example, it would be the wrong metric to apply to that contract.⁵³

31. On how it might know whether efforts to transform public procurement have been successful, the GCF told us that government could look at the number of challenges they get and the number of disputes. The GCF noted that alternatively government could also look at the KPI performance or social value criteria and whether they are seeing that those are being usefully applied to generate more than just price and quality for the contract itself. GCF reflected that a national procurement policy statement is permitted by the new

48 C&AG's Report para 1.5

49 Q 71

50 Q 71

51 Committee of Public Accounts, [Transforming rehabilitation: progress review](#), Ninety-Fourth Report of Session 2017–19, HC 1747, 3 May 2019, recommendation 4

52 Qq 74–75

53 Q 75

Procurement Act, which will allow the government of the day to say: “of all the social value criteria that we have on our published menu, we would like procurements to focus on the environment”, for example, or training, or local employment, as determined by the government of the day. The GCF will be able to look at those and see how many of those criteria have cropped up in local procurements.⁵⁴

Building commercial expertise across government

32. The new Procurement Act 2023 will be in due course be accompanied by the replacement of the current Public Contracts Regulations 2015 and related statutory instruments made under the previous primary legislation. The Act reflects principles of proportionality, transparency and ensuring that suppliers do not have an unfair advantage or disadvantage.⁵⁵ The Procurement Act has been developed with the aim of reducing administrative costs to businesses and the public sector, while permitting flexibility in how buyers structure competitions and use negotiation. This increases the importance of collecting good quality data to ensure that departments are using this flexibility properly and identifying best practices.⁵⁶ We asked how government would prepare all departments and public bodies to deal with these changes. The Cabinet Office highlighted that it has already held briefings with the Civil Service Board in July, putting heads of departments on notice to make sure they were looking forward to and ready for it.⁵⁷

33. The GCF told us that there is a constant drumbeat, in its commercial function calls, on the training programme, so that all public bodies, such as local authorities and health authorities know about the training. The GCF commented that there were some videos ready to be rolled out. However, the GCF noted that it does not know the names of all the people they may need to contact. The GCF told us they will be trying to ensure that other stakeholders within contracting authorities, make certain that the right people are trained at the right level. The GCF noted that there are around 50,000 people now signed up for the Government Commercial College, of which they think 20,000 are employed in the procurement function in a public authority.⁵⁸

34. We have many departments coming before us with varying degrees of success appointing commercial suppliers via public procurement processes and delivering effective outcomes. We have previously recommended, in our report on Green Homes Grant voucher scheme, how the Department for Business, Energy & Industrial Strategy should improve the technical scrutiny of bids during its procurements, to better assure the capability of suppliers and the practical feasibility of their proposals, particularly where a bidder is promising considerably more than others.⁵⁹

35. We asked how government is going to improve performance of all departments. The GCF told us that it is considering how to monitor capability through standards, and then benchmarking and workshops. The GCF said that central government has a very active learning and development programme, which is where it gets the best people from the public sector to come and talk to colleagues about the things that they are doing well. The

54 Q 70

55 C&AG's Report, para 2

56 C&AG's Report, para 17

57 Q 79

58 Q 81

59 Committee of Public Accounts, [Green Homes Grant Voucher Scheme](#), Twenty-Seventh Report of Session 2021–22, HC 635, 1 December 2021, recommendation 5

GCF commented that it has around 35,000 people signed up for its learning modules. The GCF told us it used to run four or five workshops a year before covid-19 with 50 people attending. The GCF said it has now learned how to work online and get about 500 people attending every week for workshops that are driving up adherence to standards.⁶⁰

36. The GCF told us that there are professional standards that assess whether the learning curriculum is working. The GCF commented it was one of the first government functions to introduce professional standards. The GCF explained that it assesses commercial staff via a day-long assessment centre which is improving standards of training across grades.⁶¹ 7,000 people have been put through that assessment centre. It told us that, of the 1,500 or so senior staff in the Government Commercial Organisation (GCO), who are employed centrally and then deployed to departments, 86% are fully accredited.⁶²

37. The GCF told us that the priority for implementing the new Act is training and said that it had a training programme ready to roll out from December. The GCF commented that it expects that the Act will be implemented in October 2024. We were told by the GCF that there is secondary legislation that should be passed by March 2024, which allows government six months to implement training. GCF said that its training programme would cover 20,000 procurement staff, and probably 50,000 people in policy areas and other parts of the public sector. GCF told us that government has already trained nearly 30,000 people in contract management. The GCF further explained that it had a four-part training programme, varying from online “knowledge drops”, e-learning, through to facilitated training. The GCF acknowledged that government needs to continue to develop commercial expertise across government.⁶³

60 Q 3

61 Qq 3–4

62 Q 5

63 Q 43

Formal minutes

Thursday 7 December 2023

Members present

Dame Meg Hillier, in the Chair

Sir Geoffrey Clifton-Brown

Mr Jonathan Djanogly

Mr Mark Francois

Peter Grant

Sarah Olney

Competition in public procurement

Draft Report (*Competition in public procurement*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 37 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Monday 11 December at 3.00 p.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 23 October 2023

Sir Alex Chisholm, Permanent Secretary, Cabinet Office; **Gareth Rhys Williams**, Government Chief Commercial Officer and Non-Executive Director, Crown Commercial Service; **Simon Tse**, Chief Executive, Crown Commercial Service

[Q1-92](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

CPP numbers are generated by the evidence processing system and so may not be complete.

- 1 Jones, Duncan ([CPP0002](#))
- 2 Planet Labs ([CPP0004](#))
- 3 Smith, Mr Chris ([CPP0001](#))
- 4 What Works Centre for Local Economic Growth ([CPP0005](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

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3rd	Revising health assessments for disability benefits	HC 79
4th	The Department for Work & Pensions Annual Report and Accounts 2022–23	HC 290
5th	Government's programme of waste reforms	HC 333

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2nd	Lessons from implementing IR35 reforms	HC 60
3rd	The future of the Advanced Gas-cooled Reactors	HC 118
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12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32

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21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra’s animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions’ Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children’s social care	HC 38
28th	Improving the Accounting Officer Assessment process	HC 43
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30th	Developing workforce skills for a strong economy	HC 685
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32nd	Grassroots participation in sport and physical activity	HC 46
33rd	HMRC performance in 2021–22	HC 686
34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132
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41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
43rd	Progress combatting fraud	HC 40
44th	The Digital Services Tax	HC 732
45th	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22	HC 1254
46th	BBC Digital	HC 736
47th	Investigation into the UK Passport Office	HC 738
48th	MoD Equipment Plan 2022–2032	HC 731
49th	Managing tax compliance following the pandemic	HC 739
50th	Government Shared Services	HC 734
51st	Tackling Defra’s ageing digital services	HC 737
52nd	Restoration & Renewal of the Palace of Westminster – 2023 Recall	HC 1021
53rd	The performance of UK Security Vetting	HC 994

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56th	Supporting investment into the UK	HC 996
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58th	Energy bills support	HC 1074
59th	Decarbonising the power sector	HC 1003
60th	Timeliness of local auditor reporting	HC 995
61st	Progress on the courts and tribunals reform programme	HC 1002
62nd	Department of Health and Social Care 2021–22 Annual Report and Accounts	HC 997
63rd	HS2 Euston	HC 1004
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65th	Progress in improving NHS mental health services	HC 1000
66th	PPE Medpro: awarding of contracts during the pandemic	HC 1590
67th	Child Trust Funds	HC 1231
68th	Local authority administered COVID support schemes in England	HC 1234
69th	Tackling fraud and corruption against government	HC 1230
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79th	Support for innovation to deliver net zero	HC 1331
80th	Progress with Making Tax Digital	HC 1333
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8th	COVID 19: Culture Recovery Fund	HC 340
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44th	NHS backlogs and waiting times in England	HC 747
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46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
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50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
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1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

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33rd	Covid-19: Bounce Back Loan Scheme	HC 687
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36th	HMRC performance 2019–20	HC 690
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40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
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43rd	COVID-19: Planning for a vaccine Part 1	HC 930

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48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
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54th	Improving single living accommodation for service personnel	HC 940
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