



Public Accounts Committee

Gareth Rhys Williams
1 Horse Guards Road
SW1A 2HQ

By email

26 January 2024

Competition in public procurement

Dear Mr Williams,

Thank you for your letter dated 11 January in relation to the Committee's Sixth Report of 2023-24, 'Competition in public procurement' and for your assistance with the Committee's inquiry.

I am encouraged to read of the efforts and progress being made in this area, including the new training being delivered and plugging data gaps following the Procurement Act.

In your letter you comment on the Committee's statement that around a third of the total contract value of more than £100bn awarded by major departments during 2021-22 were not subject to competition. I am satisfied that this was a reasonable inference based on the information available.

The Committee's report was based on the written and oral evidence received and grounded in the facts, as agreed with the Cabinet Office, which are contained within the National Audit Office's report 'Competition in public procurement: lessons learned' published in July 2023.

Paragraph 4 of the NAO report states that: "Government spent £259 billion on the procurement of goods and services in 2021-22. It does not measure how much of public procurement as a whole is competitively tendered, but of the total contract value of more than £100 billion awarded by major departments during 2021-22, around two thirds was subject to competition in some form."

Paragraph 1.8 of the report goes on to explain that "Of 16,000 such contracts with a total lifetime value of £100 billion that were awarded during 2021-22, 63% were competed to some extent, comprising 61% of the total value (Figure 2 overleaf). This includes contracts awarded through open competition or through other forms of competition, such as procurement frameworks. Most of the remaining awards by value were contract extensions. Government procurement guidance states that where departments have been forced into extensions through failing to plan early enough, this is a very weak position."

Based on the information in the NAO report the Committee made the reasonable inference that the remaining 'around a third' of contract value was made without competition. Both the NAO report and that of my Committee were generous in assuming that in all cases calling contracts off of a framework counts as competition. If not all of these contracts did count as being subject to a form of competition then the proportion not subject to competition would in fact be higher than stated in the Committee's



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report. The Committee noted elsewhere in the Report (recommendation 3) that the use of frameworks for large contracts has increased hugely from 20% of contracts by value in 2018–19 to 68% in 2021–22 and we raised concern about the risk to competition that this gives rise to.

I note the information in your letter about the figure for 'non-competed' contracts including contract extensions. This was not addressed in my Committee's Report. However, had it done so we may have pointed to the worryingly high volume of these extensions and the weakness that suggests.

I look forward to receiving the Cabinet Office's detailed response to the Committee's recommendations in due course via the Treasury Minute process.

The Committee publishes formal correspondence it receives.

Yours Sincerely

Dame Meg Hillier
Chair of the Committee of Public Accounts

Cc' Alex Burghart MP, Parliamentary Secretary
Sir Alex Chisholm, Civil Service Chief Operating Officer & Cabinet Office Permanent Secretary
David Fairbrother, Treasury Officer of Accounts