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Dame Meg Hillier MP
Chair, Public Administration and Constitution Committee
House of Commons
Palace of Westminster
London
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1 November 2023

Dear Chair,

I am writing to update you on matters raised in my evidence to the Committee on 23 October as part of the Committee's inquiry into competition in public procurement.

Firstly, I would like to bring to your attention figures that I misquoted in relation to the Procurement Bill. I regret this inadvertent slip and would like to correct the numbers I gave you.

I said that the new thresholds for publishing redacted contracts would apply to entities of over £100 million third-party spend, for contracts of over £2 million total contract value. In fact those numbers relate to the new requirement to publish pipeline notices. Currently only central government departments are required to publish pipelines, as a matter of Cabinet Office policy, so this new statutory obligation to publish pipeline notices is a huge jump forward in exposing to potential bidders, and to the public, our anticipated future requirements, allowing them to prepare and consider whether or not to bid.

The correct numbers for the publishing of contracts are set out below.

When a public contract has been let, the new requirement will be that all contracting authorities publish a contract details notice within 30 days of the contract being entered into (except in the case of light touch contracts where the timescale is within 120 days of the contract being entered into). It will also be a requirement to publish a contract details notice as soon as reasonably practicable after entering into a notifiable below threshold contract.

In respect of publishing redacted contracts, the Procurement Bill will require that public contracts over £5 million (total contract value) are published within 90 days (except in the case of light touch contracts when the timescale is 180 days). This obligation will apply to all contracting authorities, not just central government departments where it is currently required only by policy.

I apologise for this misstep on the exact threshold requirements but I hope it is clear that the thrust of what I was saying, that we are increasing transparency significantly, is nonetheless absolutely the case.

Secondly, two of the Committee's members, Peter Grant and Jonathan Djanogly, asked questions which I promised to follow up on after the meeting. I have already given Mr Grant my contact details and I will await further information to investigate his concerns in relation to transparency with the particular contract he had in mind. In relation to Mr Djanogly's concerns on subcontractors in his constituency, I would be happy to follow up on this if he is able to send me further details of the particular cases so that I can better understand the issues.

Mr Grant asked about the discrepancy between the 33% (his figure) of SME spend from comparable UK Central Government departments (ie excluding the Ministry of Defence) and the 78% and 84% figures he pointed to from Scotland. I talked to Nick Ford, who is the Scottish Government's head of procurement. It appears that the 78% figure relates to the volume of contracts with SMEs by core Scottish Government only and the 84% refers to the value of spend with Scottish SMEs as a percentage of the spend with Scottish Suppliers only, whereas UK Government numbers refer to value of spend with all SMEs. The equivalent value figure for core Scottish Government would be 41% (all SME spend, irrespective of supplier location), a much smaller, but nonetheless meaningful difference.

There are however a number of factors that make even the 'value' figures hard to directly compare:

- the Scottish numbers are measured from core Scottish Government spend only and do not include agencies (for example Transport Scotland; Scottish Prisons; Social Security);
- the Scottish figure is for contracts awarded directly to an SME only, whereas UK Government figures include indirect awards (where the contracting party is not an SME but that contracting party has engaged an SME in the next tier of the supply chain); were this allowed for, it would make the difference bigger.

Other variables include the size of total procurement spend; even looking across parallel activities in the two countries, we would expect that the UK Government numbers would be higher than in Scotland. The source of the data is also different, Scotland has put in place a requirement for annual spend summaries from each contracting authority, while the UK Government currently only collates data from Central Government Departments.

Note also that the Scottish Government has legislation (through its Sustainable Procurement Duty) that requires public sector contracting authorities to consider and act on opportunities to facilitate the involvement of SMEs. Through the Procurement Bill, the UK Government will be introducing a new duty on contracting authorities to have regard to removing barriers to SMEs bidding for public contracts.

I do not think we can get much more of a bridge between the two numbers than this, but the underlying point that is worth making is that there is a lively interchange of best practice across the UK, including the devolved nations. Scottish commercial colleagues are involved in the management seminars that we hold, and we would all accept that the Scottish Government has implemented some very useful tools that the rest of the UK can copy.

Finally, it is my understanding that Simon Tse offered to provide an informal session for the Committee on the Crown Commercial Service and Commercial Agreements and Dynamic Purchasing Systems; we should weave in some explanations on how we deal with fraud and, conflicts into that. We look forward to hearing from you on the Committee's, or indeed other members' availability.

I am grateful for the Committee's continued interest in this vital area and for your kind words on the progress we have made in recent years. There is always more to do, and the positive challenges from your Committee help us to embed our increasingly good practice across the UK's complex network of contracting authorities. I look forward to reading the Committee's report.

Kind regards,

Gareth Rhys Williams,
Government Chief Commercial Officer and Non-Executive Director, Crown Commercial Service

cc. Gareth Davies, National Audit Office
Sir Alex Chisholm, Cabinet Office
Simon Tse, Crown Commercial Service