

# in-supply

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HARNESSING THE  
OPPORTUNITIES THAT  
UK PROCUREMENT REFORM  
WILL BRING TO BUYERS  
AND SUPPLIERS



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# in-community conference 2024

In-tend's Procurement Act Special  
Part II: Reforms

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## PARLIAMENT DEFENCE COMMITTEE STATES MILITARY EQUIPMENT PROCUREMENT IS 'BROKEN'

An overhaul is under way for the manner that the UK buys military equipment due to conclusions from the parliamentary defence committee stating that procurement was 'broken'. Cost overruns, delays and unnecessary complexity have seen procurement for the sector face challenges. New considerations will include considering closer relations with industry and equipment being put into service earlier whilst it is still only partially delivered. The National Audit Office has warned that the budget is facing a multi-billion pound shortfall, so it's no surprise that action is being taken to remedy this.

The Defence Procurement Minister James Cartledge has unveiled a new system with key elements for a new procurement model which has a joined up approach, features new checks and balances, prioritised exportability, empowers innovation and uses spiral development.



## HUMBER AND NORTH YORKSHIRE PROCUREMENT COLLABORATIVE HOPE TO DELIVER £15M IN SAVINGS PER YEAR

Three NHS Trust in the North East known collectively as Humber and North Yorkshire Procurement Collaborative hope to deliver £15m in savings per year with their new integrated care systems to consolidate procurement and streamline governance at the trust.

The Director of Procurement at the collaborative believes that the figure is achievable, owed in part to more efficient procurement process and greater purchasing power the collective values of contracts can bring over individual procurement exercises.

Collaborative procurement has been in existing for many years across a number of sectors/consortia for the benefits outlined above. Benefits to the supplier/s facilitate the opportunities to decrease costs, especially where commitment contracting is used; and the use of e-Procurement platforms, such as In-tend, offer the ability to track and benchmark these savings against the anticipated savings.



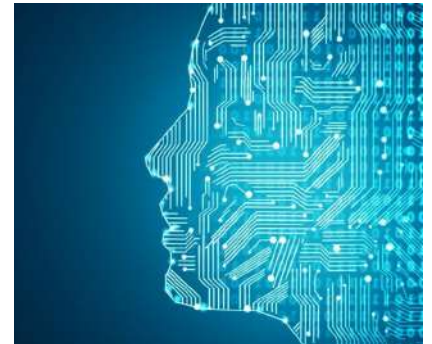


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# GUIDANCE ISSUES BY CABINET OFFICE ON THE USE OF ARTIFICIAL INTELLIGENCE

Procurement Policy Note PPN 02/24 has just been published and warns about the increasing use of AI in public procurement. It has been recognised that there is increasing adoption of large language models in creating text either for use in procurement, or the potential that suppliers may use such tools to generate tender responses.

The guidance doesn't prohibit the use of AI tools used by both procurement professionals and suppliers, but instead cautions that there are risks. One example of such risk might be breaches of confidentiality or government data being used to train AI tools to create tender responses. In such cases, the note reminds contracting authorities that such information generated could be inaccurate or misleading, and suggests that information should be added to tenders requiring that suppliers disclose their use of AI tools, as well as suggesting greater transparency on the use of such tools in the more general sense.



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## SECONDARY PROCUREMENT LEGISLATION PUBLISHED

As the act continues to progress through parliament a few new pieces of guidance were published before the Easter Break. This set of guidance provided information about covered procurement definitions, contracting authorities, valuation of contracts, exempted contracts, thresholds and mixed procurements.

Additionally, the Cabinet Office published an update to the Standard Selection Questionnaire via Procurement Policy Note 03/24 which provides some slight changes and updates to the existing PPN dealing with the new SQ that dropped last year. The new SQ comes into force toward the end of June, however, contracting authorities can start utilising it as of right now. The updates are brief, but deal with updates to the payment related questions, the removal of references to PAS91 which has now been withdrawn, as well as updates to questions relating to the supply of Steel and further clarity for



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## PLANS UNDERWAY TO STANDARDISE PROCUREMENT ON IT EQUIPMENT IN THE CIVIL SERVICE

Plans are underway in understanding and eventually standardising procurement related to end-user IT equipment used in the Civil Service.

A contract was recently awarded to an organisation to carry out research into implementation and service design in a recently awarded contract worth over £200,000.

This potentially means a more standardised way of procuring IT equipment like mobiles, computers, tablets and other devices across agencies. Among the requirements of this contract suggests analysis of technical specifications for devices as well as existing procurement of IT equipment and how they are currently being utilised. The project is being led by the Central Digital and Data Office and looks to conclude before the start of the new financial year. It's unclear as to what this standard approach could look like, but could be the use of certain frameworks, dynamic purchasing systems or the creation of new ones, or perhaps standardised specifications used in direct contracting arrangements.



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# LABOUR URGE GOVERNMENT TO EXPEDITE PROCUREMENT TO SAFEGUARD JOBS AT HITACHI PLANT

Keir Starmer and Rachel Reeves are urging the Government to expedite procurement to safeguard jobs at the Hitachi plant in Newton Aycliffe.

The Labour leaders are proposing that Rishi Sunak consider ordering new HS2 trains to fill a production gap at the Japanese-owned facility.

While the Department for Transport has previously indicated that business decisions are the responsibility of individual companies, there are reports suggesting The Transport Secretary has approved a deal with Derby-based manufacturer Alstom. This deal would involve the construction of ten new trains for the Elizabeth line on the London Underground, mitigating the risk to 3,000 jobs.

The Labour leader, a supporter of The Northern Echo's campaign to protect the Hitachi plant, expressed concern for the current workforce, emphasising the plant's significance for both employees and associated jobs. He revealed that his Shadow Chancellor has been tasked with developing alternative proposals for the plant's future.



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# CHANGES IN FRAMEWORKS AND DYNAMIC PURCHASING SYSTEMS THROUGH THE PROCUREMENT ACT 2023

As the Procurement Act 2023 aims to make a variety of subtle changes versus the current regime, one area that will be seeing such changes when the rules are expected to come into force, around October 2024, will be under Framework Agreements and Dynamic Purchasing Systems

Framework agreements currently allow for a one time opportunity for suppliers to gain entry onto them, it's usually once every four years. The advantages of frameworks are that they allow authorities to obtain goods, services and works under a streamlined set of terms and conditions that have already been pre-agreed. The Procurement Act 2024 does make mention that there may be a possibility for frameworks to run for longer than the current limit, however, it remains unclear how this will be prescribed in secondary legislation.

However, the Act does make mention of 'Open' Frameworks, awarded in sequence on more or less the same terms. This should allow new intake of fresh suppliers periodically as well as the opportunity to make subtle changes and amendments at such intervals.

The wording of the Dynamic Purchasing System has been replaced in the new Act with Dynamic Markets, which is perhaps the biggest change to the equivalent provisions set out in the current regime. This appears to operate in almost an identical way, with the exception that its use is hoped to be more widely promoted and adopted by Contracting Authorities for more than just 'off-the-shelf' goods as this was the general restriction under the current regime. Use of DPS in this way would have been less practical because not many authorities would want to run a tender to a potentially unlimited list of suppliers for anything too complex and cumbersome to assess or evaluate. Whether there will be further changes developed in time to address such impracticality through secondary legislation remains to be seen.









# HARNESSING THE OPPORTUNITIES THAT UK PROCUREMENT REFORM WILL BRING TO BUYERS AND SUPPLIERS

*AN OPINION PIECE ON THE  
PROCUREMENT ACT 2023 FROM THE POINT  
OF VIEW OF A PUBLIC SECTOR  
PROCUREMENT MANAGER*





By Helen Rees  
Head of Procurement and Contracting  
Mid and West Wales Fire and Rescue Service

**A**n exciting and transformational year lies ahead for those of us who work in the procurement arena and have done for some time. As a public procurement professional the last time we saw such reform was when the Public Contract Regulations 2015 came into effect, and before that it was the 2006 Regulations. Whilst I was working in Procurement throughout those times, I certainly don't recall the feeling of excitement that the Procurement Act 2023 brings with it.

I know that some fear the heavy workloads that the new Act brings but I am firmly in the camp where I am excited about the many opportunities that it will open up. Maybe this is because I am already doing some of the things that are being introduced within the Act and therefore won't find as much of a difference in terms of workload, albeit there will undoubtedly be an increase. People often fear change, but I am determined to embrace the positives from this change and not dwell on any perceived negatives.

Here are some of the many benefits that I hope to see being garnered from the Act:

#### **Reduced Bureaucracy for Suppliers**

This is something that I feel very passionate about. Through the years I have worked hard to break down the barriers for small to medium enterprises (SMEs) but I can see that the public sector procurement process is still very onerous for them as they have to complete the same kind of documentation over and over again for each tender they bid for. Having a centralised portal for supplier data is a very welcome development which will mean that suppliers only have to submit their data once and after that make any updates as necessary. As buyers we will be able to extract that data as part of the procurement exercise so no more completing hundreds of SPDs (Single Procurement Documents) for our suppliers. Whilst larger suppliers have tendering teams, SMEs don't usually have that luxury and have to do everything themselves, which takes them away from their actual day jobs, so this will be a welcome development for them.

#### **Evaluation changes from MEAT (Most Economically Advantageous Tender) to MAT (Most Advantageous Tender)**

The removal of the word Economically may not appear to be that significant, but it will ensure that the tender process gets the best possible outcome for the buying organisation. Whilst I appreciate that no one in the public sector has an



“ I know that some fear the heavy workloads that the new Act brings but I am firmly in the camp where I am excited about the many opportunities that it will open up. ”

unlimited budget, some organisations have taken the MEAT evaluation process to mean the cheapest tender, which is not what it was meant to be about at all. At the end of the day, you get what you pay for, and as the

saying goes, you buy cheap you buy twice! Changing the evaluation methodology to MAT will ensure that other non-financial aspects are given the consideration they deserve, including sustainability and social value. It will no longer be money that is the overriding factor, and it never should have been. It is vitally important that any public money spent is used wisely, in a way that brings wider social and environmental benefits to the communities that we serve.

#### **Increased Transparency**

I have always believed in the ethos that you should provide suppliers with a comprehensive tender debrief as it is your opportunity to help a losing supplier improve their submissions and win tenders in the future. However, some buyers believe in giving as little feedback as possible as their belief is that the more information you give, the more likely a supplier is to challenge a tender decision. That is why I always put myself in the supplier's shoes when providing debriefs and if I was a supplier I would want as much help as possible to improve my tender submissions in the future. If I were to have a debrief with limited information provided, I would question the motive behind that and wonder if the buyer had sufficient justification for the scores provided as part of the evaluation.



“ The Procurement Act 2023 will enable some form of competition by changing the rules to encourage a more competitive process within a quicker timeframe. ”

New rules for lower value contracts will enable more UK based SMEs to win public sector tenders.

**Giving buyers the power to exclude any suppliers that have failed to perform in the past by introducing a debarment register**

This is reliant on excellent contract management, so if buyers want to take advantage of this they will have to ensure that they manage contracts properly, keep written evidence and work with suppliers to try and improve performance before going to the lengths of trying to get them added to the debarment register.

**A new unit will be set up to oversee public procurement**

This will enable suppliers to raise their concerns, and the unit will have the power to improve the commercial skills of public sector contractors if supplier complaints are upheld. This will give suppliers an avenue to air their grievances and for the situation to be investigated properly and for recommendations to be made.

**The flexibility that buyers will get to be more innovative and diverse and the much simpler procurement procedures should help in terms of driving more competition.**

Since Brexit and Covid I have heard many procurement colleagues across the public sector say how difficult it is to get suppliers to bid for opportunities

these days so hopefully things will change as the procurement process is simplified for suppliers.

**The removal of inflexible and complex procedures, which will be replaced by three simple modern procedures**

This will give public sector procurement professionals and suppliers more opportunity to work together to develop innovative solutions for tender requirements.

**A single digital platform will be used to register contract information, improve transparency and make life considerably easier for business**

This will benefit suppliers significantly as they will have the one portal which will house all the information they will require as part of the tendering process. This will include pipeline plans which suppliers will be able to use to see what tender opportunities are coming up that may be of interest to them.

**Quicker competitive buying process during emergency situations**

During the COVID pandemic the UK relied on direct awards to ensure vital supplies of such things as medical equipment, PPE etc but the best decisions were not always made. The Procurement Act 2023 will enable some form of competition by changing the rules to encourage a more competitive process within a quicker timeframe, to allow for competitive bids during emergency situations.

**The digitisation and transformation of how contracts are planned, awarded and delivered in the UK**

This will enable proper planning for contracts to ensure that things are done properly, with open data and public transparency being at the heart of procurement activity.

**The introduction of Open frameworks**

This will be of huge benefit to suppliers who often find themselves locked out for up to four years if they fail to get awarded onto a framework.

**The introduction of prompt payment measures for the wider supply chains and the need to report this data**

This will ensure prompt payment for more businesses within the public sector supply chains.

**The new Act will make it possible for public sector bodies to consider the full value to society as opposed to the value provided to the buying organisation**

This should result in wider opportunities to deliver social value through public contracts.

**Greater sharing of information via different notices**

This will allow suppliers to develop greater understanding of our procurement policies and decisions.

**The introduction of the new “Competitive Flexible Procedure”**

This will allow closer working with suppliers throughout the procurement process, which may include a number of stages, where suppliers can be shortlisted or can make the decision to deselect themselves if they discover that the opportunity is not suitable for them after learning more about the requirements.

**The ability to buy British for below threshold contracts**

This will benefit SMEs and VCSE's (Voluntary, Community and Social Enterprises) by opening up new opportunities to them and making it simpler for them to win contracts. Additional benefits could include innovation and supporting local recruitment.



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**Here in Wales the Act makes provision for the Wales Procurement Policy Statement (WPPS) whereas in England it makes provision for the National Procurement Policy Statement (NPPS)**

This should benefit both buyers and suppliers as it should ensure that all Welsh public sector organisations will be working in line with the WPPS, which is something that not all organisations align themselves to at present, and similarly in England public sector organisations will be working in line with the NPPS. Suppliers will benefit because all public bodies should be aligned to the same objectives.

**Steps that must be taken to manage a contract are laid out in the Act**

This should improve contract management across the board, something that is not always done particularly well across the Public Sector.

**Supplier engagement and education**

The Act brings changes not only to public sector procurement professionals but also to internal budget managers, staff who are involved in buying but are not procurement experts or those who manage contracts, and suppliers – it is essential to engage with all internal and external stakeholders at an early stage to ensure that they have a thorough understanding of the many changes ahead and have sufficient time to prepare for these changes.

**More user-friendly language**

This should make it easier for buyers and suppliers to understand the legislation and what it contains.

**The requirement for additional clarity and duty required from aggrieved parties**

This should eliminate erroneous challenges being brought, which costs both time and money for buying organisations.

**The introduction of new procurement notices**

These notices will ensure that the entire procurement lifecycle is covered, from the planning stage through to the end of the contract, and should result in improved practices relating to the procurement lifecycle.

**Improved transparency for all**

This should result in more competitive tender pricing, time savings through the “tell us once” system for suppliers and reduced scope for corruption.

**The introduction of a central database for all frameworks**

This will reduce time spent searching for frameworks through a number of different websites or via the search facility on your browser. Details of all frameworks, regardless of who has set them up, will be made available via one portal.

At the end of the day, as a procurement professional you will get out of the Procurement Act 2023 what you are prepared to put into it, much the same as everything else in life. The changes ahead will not only have an impact on processes but also the kind of skills, behaviours and culture of procurement professionals and their functions across the public sector. Other key stakeholders such as budget managers, end users and suppliers will also be impacted. It is vital therefore that you plan well for the changes ahead and ensure that you undertake all the free training that is being made available via Government Commercial College and other avenues.

Preparation is key to ensuring that you are ready to implement the new processes, procedures and approaches that will be required. In the words of late American author and motivational speaker Robert Schuller “Spectacular achievement is always preceded by unspectacular preparation.”

“ The Act brings changes not only to public sector procurement professionals but also to internal budget managers, staff who are involved in buying but are not procurement experts or those who manage contracts, and suppliers. ”





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