

Public Procurement: Growing British industry, jobs and skills

Survey Response by the Association for Project Management (APM)

Question 1

To what extent do you agree or disagree that mandating large contracting authorities with spend over £100m p.a. to set 3-year targets for their procurement spend with SMEs and VCSEs and publish annual progress against these targets, would help increase spend with SMEs and VCSEs?

APM Answer = strongly agree

APM Comment:

APM is a professional organisation that both represents and champions those organisations that focus on projects and programmes. In this area of projects/programmes and their management, setting relevant and reasonable targets and collecting appropriate data is vital for effective project/programme delivery and the requisite decision-making. If the aim is for more involvement and engagement with SMEs and VCSEs, then it is critical that contracting authorities set reasonable yet ambitious targets for this engagement, and they not only publish their performance but also put themselves forward to be accountable for this performance on a routine basis, with the APM's suggestion being that this on an annual basis.

Question 2

To what extent do you agree or disagree that extending the requirements of section 70 of the Act to publish information on (i) all payments made under public contracts and (ii) payments under notifiable below-threshold contracts, would help increase spend with SMEs and VCSEs?

APM answer = agree

APM comment

APM broadly agrees with the sentiment driving the proposal as outlined in question 2, but we question whether removing the minimum reporting threshold of £30,000 as currently stipulated in section 70 may have unintended consequences, as reporting all contractual payments might become a significant administrative burden in both collating this information and in dealing with any consequential data handling, such as if Freedom of Information requests were to be made. The APM suggests that a revised lower reporting threshold be introduced of £5,000 and that contracting authorities have to separately note any and all contractual payments made to SMEs and VCSEs.

Question 3

To what extent do you agree or disagree that requiring contracting authorities to exclude suppliers from bidding on major contracts (+£5m per annum) if they cannot demonstrate prompt payment of invoices to their supply chains (within an average of 60 days) would help improve late payment by suppliers to the public sector?

APM answer = strongly agree

APM comment:

APM supports the general direction of this proposal. The advances made in many forms of technology has removed the argument often made that payments are being processed and this is what leads to delay. Late payment needs to be tackled vigorously. As our focus is on projects and programmes, the concern is that prompt payment at the head of the supply chain is not mirrored down through the supply chain, and it is at the lower and lowest levels of the supply chain that there may be a larger concentration of the smaller SMEs and VCSEs. We advocate that where contracting bodies are making contract awards that are clearly going to entail a supply chain, that there are both recording and reporting systems in place to note the payment performance throughout all the supply chain, and that this is considered an important contract performance metric.

Question 4

To what extent do you agree or disagree that there should be flexibility for contracts for people focused services to be awarded without competition?

APM answer = strongly agree

APM comment:

Whilst people are a vital part of project and programme success, we are not suitably qualified or experienced to add to the specifics of this question.

Question 5

Are there other services delivered to vulnerable citizens (beyond adult and children's social care) that warrant procurement processes not permitted in the Procurement Act 2023? Please include i) the CPV code where possible and description of the services; ii) the nature of the problem faced; iii) the optimal policy solution(s). [NB 2000 character limit]

APM comment:

We are not sufficiently expert and experienced in the areas related to question 5 to offer any useful comment.

Question 6

Do you have any examples where people-focused services have been procured well? Do you have any suggestions for changes to the processes available under the Procurement Act or guidance that could improve procurement of these services? [NB 2000 character limit]

APM comment:

We are not sufficiently expert and experienced in the areas related to question 6 to offer any useful comment.

Question 7

To what extent do you agree or disagree that contracting authorities should be required to undertake a public interest test and publish it when making sourcing decisions?

APM answer = strongly agree

APM comment:

APM has significant experience, via some of its corporate members, of the issues and challenges that have been presented as the UK moved to a greater reliance of outsourced provision of both physical assets and a wide range of services. As a result of this accumulated experience, the APM agrees with the proposition as presented in question 7 for all the reasons outlined in the preamble to this question.

Within the APM's collective knowledge and experience base there is also significant familiarity with the Private Finance Initiative (PFI) and Public Private Partnerships (PPP). These complex forms of long-term project-based procurement have been the subject of much interest with much written about them. Whilst it is out of scope to dwell on the many issues raised by the use of PFI and PPP, what is clear is the use of such forms of contract will heighten interest and scrutiny. Therefore, it is essential ahead of any future consideration of using such forms of procurement that a public interest test is both conducted and published. Given the global nature of contracting, this concern is acute in areas linked to national security and resilience, comprising national defence, essential economic and social, and critical UK infrastructure provision.

Question 8

To what extent do you agree or disagree that requiring authorities to set an award criteria which relates to the quality of the supplier's contribution to jobs, opportunities or skills for all public contracts over £5m and with a minimum evaluation weighting of 10%, will help to deliver social value that supports economic growth?

APM Answer = strongly agree

APM comment:

APM considers Q8 in the context of “authorities” commissioning a wide range of projects and programmes. In this context the focus is on procuring the organisations that will act as the deliverer of the project. Whilst delivering a project to schedule (i.e. time), budget (i.e. cost) and scope and specification (i.e. quality) is standard, it is imperative that public sector authorities act as best-in-class clients and demand that those delivering the project go significantly further to deliver successful projects successfully. Three specific areas that fall under the umbrella of ‘social value’ are selected for inclusion within the evaluation criteria for award of such project-based contracts:

1. To ensure the health, safety and wellbeing of those involved delivering the project. This would range from demonstrating world-class compliance with all health and safety legislation that is driven through the complete supply chain, through to ensuring that project-focussed staff are not suffering from overlong working hours, isolated living environments (i.e. working far from home without any support), and proactive measures to ensure good mental health (i.e. watch out for high levels of stress, anxiety, depression).
2. To consider how to contribute to the improvement of the natural and built environment in the area(s) adjacent to any project activities. This may include non-monetary contributions, such as providing expertise or offering other in-kind help. For construction and civil engineering type contracts, this is considered relatively easy to envisage and arrange. However, for other forms of project endeavour (e.g. IS/IT projects) it is deemed both viable and valuable to have the successful bidder obligated to organise and deliver betterment to those areas impacted by the project.
3. To help invest in the community or communities impacted by the project. This would, in principle, work on the same basis and potentially in conjunction with 2) above, but with the focus being on helping those that comprise the communities in question to be in better shape, via investment and assistance from the successful bidder.

To ensure this area of evaluation is taken seriously, the weighting criteria of 10% is recommended for contract award, but this needs to then be followed up during the project’s delivery. To avoid this area of evaluation being dealt with tritely by bidders, the APM recommends that bidders be asked by authorities to demonstrate how these important areas of management and leadership activity are handled by the bidder and any supply chain they will be leading. This would involve asking for the names of the organisational director(s) responsible and accountable for these areas, what systems are in place to monitor and respond, and evidence of how the data relating to these areas are recorded and presented.

For major projects and programmes (e.g. procurement value of =>£100m) it is recommended that there should be the requirement for the leading organisations that are awarded the contract to demonstrate proactive leadership in championing the improvement in approaches that would progress improved performance in the areas identified including, as a minimum, the stipulation for the recruitment and appointment of those with suitable academic and professional qualifications and holding chartered status.

Question 9

To what extent do you agree or disagree that, where authorities have set social value award criteria relating to jobs or skills, mandating that they also set at least one KPI on social value delivery, and subsequently report performance against a social value KPI (published in the contract performance notice), will support transparency of progress against social value commitments?

APM answer = strongly agree

APM comment:

APM is an organisation that both champions the advancement of project management and represents the varied companies and other forms of organisation which focus on projects and their delivery. For both the APM and its members, a critical issue for managing a project is having the timely, appropriate, and accurate data and information so that the correct decisions can be made. As the area of ‘social value’ is relatively new and open to some degree of interpretation, we recommend strongly that KPIs and other similar data are stipulated as part of all public sector contract awards, and that this area of activity is monitored and managed through to the highest levels of leadership and governance. Failure to do so risks this area of social value being one prone to many ambitious statements and promises that are made initially but not delivered.

Question 10.

To what extent do you agree or disagree that requiring contracting authorities to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector and suppliers) in their procurement of public contracts will help to deliver social value in a proportionate manner?

APM answer: strongly agree

APM comment:

APM cannot advocate strongly enough the argument for the standardisation of social value criteria and metrics to the greatest extent possible. Whilst there may be need for some differentiation between central government and that of local government, the more the term 'social value' can be both defined and operationalised in a standard and ubiquitous way, the quicker and wider the commitment will be to delivering and progressing this important area. The corollary of disparate definitions and myriad management systems will lead to increased disgruntlement and a significant reduction in the investment that those bidding for government contracts would be prepared to make.

Question 11

To what extent do you agree or disagree that contracting authorities should be permitted to define the geographical location of where social value will be delivered as described above? Do you have any suggestions for innovative ways of delivering social value including by creating more flexibility in the current requirements in the Act on relevance and proportionality?

APM answer = strongly agree

APM comment:

Building on the answer to the previous question (Q10), whilst the APM's view is that the definition of what comprises 'social value' should be as universal as possible, there does need to be flexibility in the geographical coverage of its application, to reflect the variation in contract types and contract reach. As the APM's principal interest is in projects and programmes, it is a strongly held view of the APM that any application of social value should be pursued throughout project supply chains and, to the limits of the UK's jurisdiction, the standards and expectations set for social value under the principal, main, or prime contract should be cascaded throughout the contracts that will build the supply chain.

In terms of the way that Social Value is delivered, the APM suggests that the delivery of Social Value is brought more to the fore for those in the private and third sector. Indeed, for VCSEs, the delivery of Social Value is more likely to be a core focus than it would be for private sector players where the focus is driven by financial performance. If the UK government both standardised what Social Value is seen to be in practice and sought to record and publicise the results, the consequence maybe that the private sector looks to enter into joint forms of working with those in the third sector, such as VCSEs, charities, and other forms of NGO. It is appreciated that Social Value is going to vary across departments, ministries, agencies, etc., however, if the UK government brought together the various organisations and agencies who would routinely monitor different areas of UK public sector activity, for example the NAO, NISTA, the various regulators, it should be possible to create a UK dashboard on Social Value delivery. This could be overseen by some equivalent of the Climate Change Committee, which would independently assess and report on the progress of the delivery of Social Value.