

# Consultation: Growing British Industry Jobs and Skills

## AC Commentary and Responses

September 2025



**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?**

## **Disagree**

This approach risks being ineffective and lacks ambition. Setting a target in and of itself achieves very little. We note the recommendation to report against that target, but no parameters are given for what a reasonable target might be, neither are there any proposed repercussions should a public body fail to meet their chosen target. This means a target can:

- be meaningless yet still comply: contracting authorities are able to set a target even below their current spend on SMEs & VCSEs, and can fail to hit their self-selected targets without consequence
- lack ambition: without clear parameters a target need not be stretching and lacks the power to change behaviours

Thus, targets simply place an administrative burden on contracting authorities (many of which lack the resources for such an exercise) with little tangible benefit.

We also see no reason why requirements should be limited to contracting authorities with a spend over £100m. Smaller organisations may if anything create more intuitive synergies with SMEs & VCSEs and so deliver results quickly, an opportunity which the proposals forfeit.

It appears very unlikely that the proposed approach, in isolation, will achieve any change in the overall public spend on SMEs & VCSEs. What is needed is:

- an understanding of the sectors in which SMEs & VCSEs can actively contribute to social economic & environmental outcomes through public contracts and where SMEs & VCSEs offer best value for money for the public sector and a targeted approach in response. This would better articulate why working with SMEs & VCSEs is a positive goal
- a programme of support to SMEs & VCSEs to better enable them to bid for and win public contracts and a practical toolkit for contracting authorities to create a systematic approach to breaking down barriers to SMEs & VCSEs successfully engaging in public procurement, noting the barriers experienced by SMEs already articulated in Cabinet Office's guidance note on covered procurement objectives.

**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?**

## **Disagree**

We do not believe that there is sufficient evidence that collecting data on existing behaviours changes future behaviours. Put together with self-set targets which come with no consequences for failure, we do not believe that these proposals will meaningfully or consistently change behaviours.

The transparency requirements of s.70 create an administrative burden on contracting authorities and in choosing to extend that administrative burden it is important to be clear on the benefits of doing so and that those benefits outweigh the costs. We can understand the benefits of access to more data about SME & VCSE spend this proposal would allow (and this would be in keeping with the principles of transparency and reporting built into the PA 23). However, this will only be a positive action if it can be done efficiently and cost-effectively to avoid (following the law of unintended consequences) directing time and resources away from other more effective and impactful measures, and with a view to taking that data to inform further initiatives in the future. Otherwise, this is a data gathering exercise at best, and a distraction at worst, as collecting that data and reporting on spend will not alone change behaviours. Utilising the central digital platform, for example, to collect data as well as a reporting platform, should be explored.

Extending the requirements of s.70 to cover regulated below threshold contracts seems proportionate. As a contrast, the proposal that this cover all payments made under public contracts (not just those payments over £30,000) is a considerable additional administrative burden when the overall value of the contract is no different. We would urge Government to retain a de minimis threshold to ensure proportionality, or to enable contracting authorities discretion as to how they report on small payments (regardless the value of the contract as a whole) in a way which is reflective of the targets they themselves set on spend on SMEs & VCSEs.

**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?**

**Agree**

We can see that mandating the exclusion of suppliers that cannot demonstrate they pay their invoices within an average of 60 days would have the effect of “cleansing” public contracts of suppliers that do not adhere to prompt payment practices. This does not automatically translate into better payment practices, but the value of public spend as a whole will inevitably have an influence on the market, and this would at the least foster a culture of better practice amongst suppliers that engage with the public sector if not more broadly. The Department for Work and Pension’s Merlin Standard stipulates a 45 day maximum payment period and we suggest that these period be aligned for consistency (at 45 rather than 60 days).

The proposed “comply or explain” approach would benefit from further thought, however, as this in effect makes the proposal a discretionary – not mandatory – exclusion ground. Are there specific reasons for which a contracting authority will validly be permitted to allow a supplier to bid for a public contract, despite not being able to demonstrate consistent prompt payment practices? For this measure to be effective there should be clear parameters on the situations in which exclusion ceases to be mandatory. We recommend that this is compared with data on the frequency at which contracting authorities exercised the discretionary exclusion grounds under previous procurement regimes including the Public Contracts Regulations 2015 (and taking into account the criteria under which those discretionary grounds were able to be applied) to better understand the extent to which there is take-up of discretionary grounds for exclusion, as we fear this will prove to have limited impact.

Fitting with the exclusion and debarment regime under the PA 23, it would also be appropriate to consider reporting mechanisms as well as appeals processes.

#### 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?

##### Strongly agree

We are delighted by introduction of “user choice contracts” as the basis for the direct award of public contracts under section 41 of the PA 23 and as a “direct award justification” pursuant to paragraphs 15-17 Schedule 5 PA 23. We have already been exploring and advocating this ground for direct award within the scope of “user choice services” that are the subject matter of light touch contracts and are supplied for an individual in circumstances that the contracting authority is required to have regard to the views of the individual and their carer.

As well as legislative obligations cited in the consultation under the heading “People-focused services” there are others such as section 22 Children Act 1989: General duty of local authority in relation to children looked after by them. It seems to us that these provisions should not be listed in new legislation but simply collated in guidance issued by the Cabinet Office working with the Local Government Association. If we were to suggest any change in the PA 23 it would be to delete paragraph 17(b) Schedule 5 – namely, the requirement on the contracting authority to consider “that it is not in the best interests of the individual to award the contract under section 19”. It should suffice that the individual has expressed their preference under paragraph 17(a).

We also suggest that the same guidance reminds contracting authorities what services are both in the scope of light touch contracts and paragraph 16 Schedule 5. Are there services for individuals that are not covered in the list set out in Schedule 1 Procurement Regulations 2024 that would meet the requirements for “user choice contracts”?

**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).**

We are struck by the fact the services that come most to mind are those which have local authorities as the contracting authority, and we wonder to what extent Government departments / NHS bodies provide services that are subject to the same requirement to consult the individual and their carer.

Two further areas where we can see some benefit would be:

- in the arena of homelessness services (including maintenance works);
- in the provision of maintenance works for leaseholders where there is already a process for consultation set out under section 20 of the Landlord and Tenant Act 1985 and supplemental regulations, with which procurement rules frequently come into conflict.

Rather than necessarily proposing extending the approach to “user choice contracts” to further services, however, we recommend considering alternative approaches to how light touch services as a whole are procured. Why not, for example, amend Schedule 1 of the Procurement Regulations 2024 to allow for all light touch services to be “reservable” to public service mutuals under section 33 of the PA 23? In this connection, please see our response to question 6 below.

**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?**

The Social Value Toolkit for Cooperative Councils ([here](#)) has a number of examples of people-focused services that have been procured well, including the Wigan Ethical Homecare Framework undertaken under the PCR 2015 (see [here](#)). What is striking about the approach was the drive to identify & select providers whose goals & values were complementary to those adopted by the council, with service design fully engaging users and enabling suppliers to provide a high-quality service based on neighbourhoods.

We believe the competitive flexible procedure provides much scope to be innovative without further changes to the PA 23. Ideas we have floated include the opportunity for contracting authorities to build teams of organisations working with each other by issuing an invitation to collaborate.

We also see plenty of opportunity for organisations to work with commissioners within the scope of a cooperative's rules & regulations rather than under contracts for services. Cooperatives by their nature enable equal relationships between commissioners, providers & users, and as such should be recognised as requiring similar treatment to user choice contracts for direct award, to the extent that doing business within their rules is not otherwise in any event a public contract.

We see scope for increased & better use of reserved contracts rules – ringfencing competition to supported employment providers/public services mutuals, both well placed to deliver excellent people-focused services. We would encourage Government to:

- expand upon the permitted use of s33 by allowing all light touch services to be “reservable” to public service mutuals, and amend s33 to allow for longer contracts to be let;
- setting policy to make better use of both reserved contracts rules (recognising that under the PCR 2015, equivalent rules were little used) in service areas where public service mutuals/supported employment providers can deliver in response to public sector need.

## 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?

### Disagree

We agree that all contracting authorities should be making informed decisions about whether a particular need is best served by procuring a third-party supplier, and that some services are best delivered in-house. We do not, however, consider that this requires any new legislation to achieve, and legislation in the fashion described risks being damagingly reductive: these decisions are rarely as simple as to either procure or deliver in-house. This fails to recognise the spectrum of alternative delivery models that all have potential in the right circumstances. Any public interest test should take into account a wide range of options rather than being needlessly binary. Partnering and co-operation come in a range of forms and can enable the best of the public, private & third sectors to come together, share learning, expertise & knowledge enabling an investment in the future of the public sector & the retention of skills and talent. Insourcing, as it is described in the consultation narrative, appears to only consider pure in-house delivery. And yet where capability/capacity have been stripped from the public sector, this oversimplified form of insourcing may not even be possible without intervention first to upskill & resource the public body.

There is urgent need for investment in commissioning, procurement & contract management teams to:

- embed public-sector led but collaborative (not just competitive) approaches to service delivery through procurements which generate the truly most advantageous tenders;
- establish, facilitate & nurture provider markets able to engage with the public sector.

This requires a consistent approach through sector-focused toolkits and guidance on the importance of appropriate & detailed commissioning decisions that go beyond “to procure or not to procure”. This should not be limited to contracts for services above £5m but should be universal good practice for all public services & decisions as to how they are best delivered.

**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?**

**Strongly disagree**

Social value must be central to the commissioning cycle as a whole and not merely applied as a bolt-on at the procurement stage. Jobs and skills requirements will be relevant to most contracts and could simply be incorporated as contract conditions which any successful tenderer is expected to deliver against.

A requirement to set a social value award criteria and to require a minimum weighting fosters the view that social value is a gloss painted over the subject matter of the contract. Far greater impact can be achieved through truly mission-driven commissioning incorporating relevant, policy-focused requirements into the whole commissioning cycle from business case to contract management. This requires paying more than lip service to the Public Service (Social Value) Act 2012's expectation that, in both the what and the how of procurement, contracting authorities consider how to improve economic, social & environmental wellbeing.

While setting a % weighting and specific social value award criteria may be common practice in some organisations, it fails to deliver Government's intention to promote mission-driven procurement. Mandating this approach removes the requirement to specify, and deliver against, actual need.

The £5m threshold is arbitrary and fails to recognise the impact smaller contracts can have on local employment/supply chains and is completely at odds with the ambition to increase spend on SMEs & VCSEs.

Without a focus on (1) smaller contracts & local impact and (2) a whole-cycle attitude that recognises the importance of contract management at the core of achieving impact, the proposed approach risks achieving turning social value into only what it claims to seek to eradicate: a shopping basket. Rather than crudely applying criteria to all contracts, commissioners should be required to justify where and why they do not incorporate social value into their processes and decisions.

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?

## Neither agree nor disagree

Given how easy it is for a robust procurement process to be followed by a failure to actively manage the resulting contract, interventions which encourage and drive good contract management (and thus more successful contract delivery) are welcomed. Additional visibility for performance against social value requirements is on the whole positive.

However, where social value is truly relevant to the subject matter of the contract (meaning the contract is at least in part defined by the social value it seeks to achieve, and not that the contracting authority has picked from a menu of added value options), this comes naturally – as would setting KPIs that relate to the success of the contract subject matter as a whole, inclusive of social value. Where social value is incorporated into the entire commissioning cycle, therefore, and not just the procurement process, it becomes unnecessary to mandate requirements such as this. If Government were to translate the soft requirements (to “consider”) of the Public Services (Social Value) Act 2012 into a more rigorous mandate (to “incorporate”), and extend its remit to works and goods, none of the proposed measures would be needed.

We note also the acknowledgement “*that sometimes it may not be reasonable for contracting authorities to set such social value award criteria and ... [KPIs]; in this case, they would need to explain why in the tender notice.*” As for the proposed exclusion grounds (see our response to question 3), the suggested “comply or explain” approach would benefit from further thought as this in effect makes the proposal a discretionary – not mandatory – requirement on contracting authorities.

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?

## Strongly disagree

Social value must recognise for the majority of the public sector, local concerns are important and there is no one size fits all approach to a fragmented local & regional picture. The proposal to remove the requirement of relevance to the subject matter of the contract is wholly unnecessary. Where there is a policy objective (e.g. through Government's 5 missions and built into all contracting authorities' policy with a focus on local/sector-specific issues) and clear strategy in place, well-articulated social value is capable of relevance to the subject matter of the vast majority of contracts in any case.

A standardised approach may sound appealing but is at significant risk of substantially reducing the impact of public spend. While contract conditions could incorporate jobs & skills requirements into the majority of contracts, reducing social value to a streamlined menu of add-ons at procurement stage fails to recognise the importance of the contract's subject matter not just in law but in reality. Mandating this approach can only serve to create a tokenistic culture where social value is yet another item on the list of compliance issues to which only passive and no active thought is given by contracting authority and bidder alike.

The consultation argues this approach concentrates "*on those outcomes that are crucial to success*" without articulating what success is. True success is demonstrated by maximising the social economic & environmental impact that can be had from all public contracts. This cannot be done by shoehorning in standardised requirements but by intentionally & mindfully assessing commissioning need and identifying for that need how outcomes can be improved. It is not achieved by reducing ambition to a menu of options that stifles innovation & limits potential. The approach lacks the subtlety that could enable public bodies to deliver true social value embedded at the heart and not on the periphery of its contracts with a focus on place & community.



**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?**

## **Strongly disagree**

We strongly disagree with the proposal that “area” be redefined in this way. For most of the public sector (local government, health, social housing included) area is well understood and this change is entirely unneeded, doing little but confuse matters. The proposal dilutes the impact of a focus on the relevance of the subject matter of a contract. Allowing the social economic & environmental impact of a contract to be felt outside the contracting authority’s area means acknowledging that that impact is not relevant to the subject matter of the contract, which is what the contracting authority should be paying for. One questions therefore why it is being included.

Further risks are created by the proposed approach:

- allowing the area to include the supplier’s location enables international suppliers to comply with social value requirements in their home nation, area or neighbourhood. Seeking to achieve social impact internationally may be laudable but it does not achieve Government’s mission to *“kickstart economic growth – to drive growth, rebuild Britain, support good jobs, unlock investment, and improve living standards across the country”*
- allowing the area to include the supplier’s location could mean that the impact is felt outside of the contracting authority’s own area. This could put many contracting authorities whose powers and duties are locality-based in breach of their respective legal frameworks. Local authorities, for example, could easily be found to be acting ultra vires if shown to be actively encouraging and paying for jobs & skills generation outside of their area
- it becomes increasingly difficult to demonstrate how a tender is value for money (the most advantageous tender) if the impact of that contract is not felt by the contracting authority or the people/communities it serves.

Strong policy guidance confirming that area can relate to the location of a project/service, or to a region, enabling collaboration and joint working, would be of value.

To discuss any of the matters arising from this consultation, do contact Gayle Monk or Mark Cook



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