TRANSFORMING PUBLIC PROCUREMENT

Our transparency ambition

Summary

In the Transforming Public Procurement green paper, consultation response and Procurement Bill, government has proposed to embed transparency throughout UK public procurement.

While there is already a high level of transparency of UK public procurement, our existing rules and systems have room for improvement. We want to expand the types of information that we report on, improve the usability of this data through common identifiers and create a single platform through which this data can be accessed by all.

The foundation of our transparency reforms is a new procurement 'noticing' regime, covering the full lifecycle of public procurement, from planning through to contract expiry. The new notices are outlined in the Procurement Bill (2022) and further detail on their content will be set out in the secondary legislation to follow. We have already begun building these new notices in the Find a Tender service (FTS), our central public procurement platform.

While the new notices are our highest priority, we will not be stopping there. We also want to improve the tools that contracting authorities, suppliers and the public have access to, in order to better share information and understand activity across the entire sector. Doing so will provide everyone with access to the highly valuable information in the UK's £300bn public procurement market, increasing public trust and improving commercial outcomes in the single largest area of UK government spending.

This document outlines our proposals to dramatically improve transparency of UK public contracts and spending in greater detail, covering:

- our vision for procurement transparency in the UK
- why this is needed
- what we are proposing to do
- the benefits this will bring
- where we are going to go from here

Our vision for procurement transparency in the UK

One of the goals of the Procurement Bill is to create a fully transparent public procurement system. We want everyone from citizens to ministers, large companies to sole traders, those responsible for multi-billion pound defence contracts to people buying stationery on behalf of a district council, to be able to view, search and understand what the UK public sector wants to buy, how much it is spending, and with whom. Our central digital platform, with information on public procurement from planning through to contract termination, will ensure transparency to help drive better value for money.

We want this platform to help people understand:

- current and future procurement opportunities created in the UK public sector.
- how much money the public sector spends on purchasing essential goods and services
- which contracts finished on time and on budget – and which did not
- the true lifecycle of government contracts, including how much the final amount spent on a contract differs from its original intended value, or how often contracts have been extended

- pipelines of future work
- which routes to market are available to contracting authorities, and how much has been spent through each of those
- which companies have been excluded from winning future work due to fraud, corruption or persistent poor performance
- who is really benefiting from public money - not just the companies winning contracts but the ownership of those companies

With this information to hand, we want to open up opportunities within the public sector to small businesses, driving down prices, increasing innovation and improving the business landscape across the country. We will give contracting authorities the data they need to collaborate better, drive value for money and identify cost savings in their procurements, so they can monitor for signs of waste and inefficiency. Most importantly, we will allow taxpayers to see how much is being spent through procurement on and in their local area, who it is spent with and how it is delivering on local priorities.
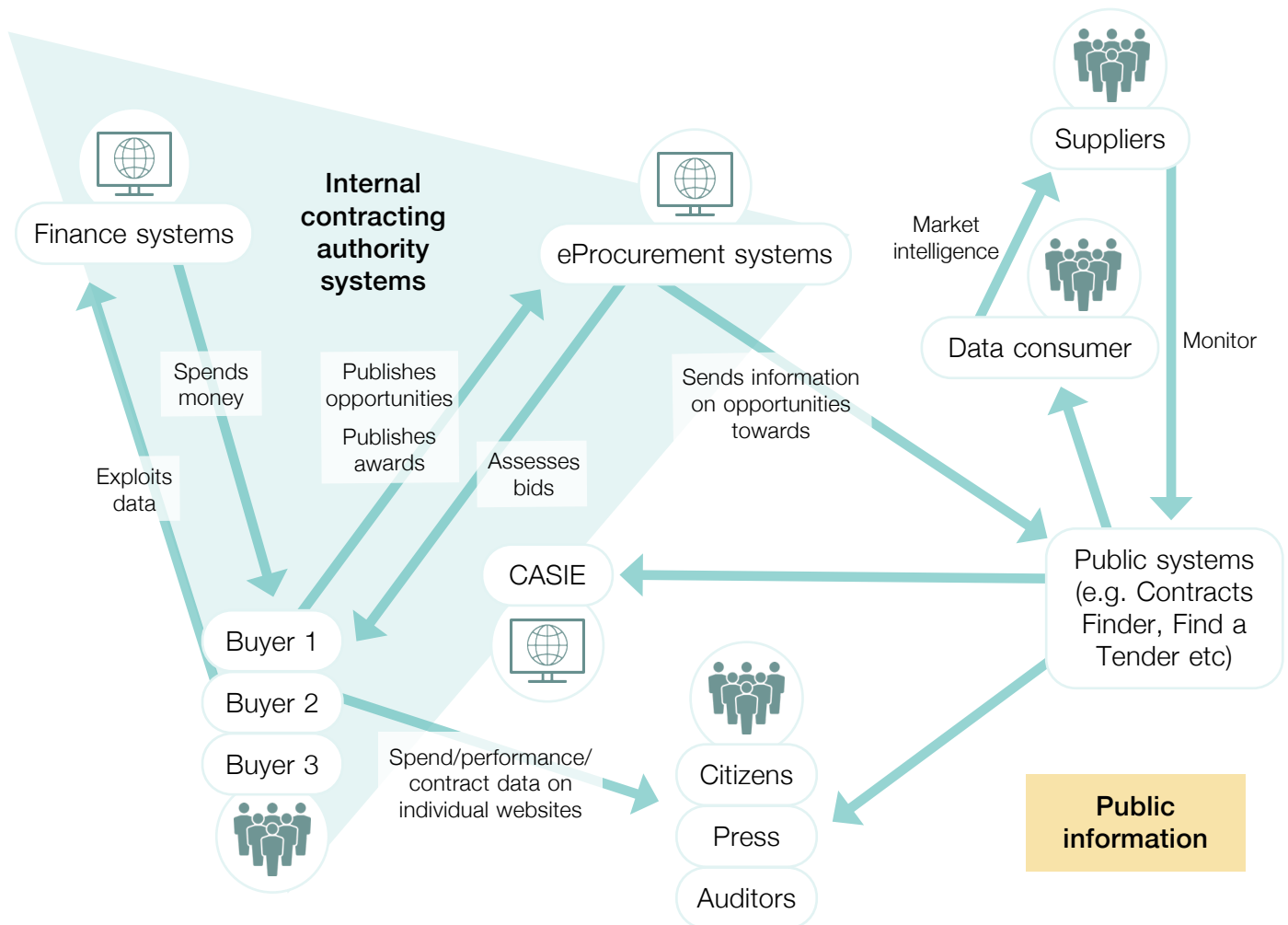
Procurement transparency: what have we achieved to date?

There are a number of different ways in which the public sector currently provides transparency around public spending on procurement:

- Find a Tender (FTS) - upon the UK's exit from the European Union, we built a new national notification system to comply with our international obligations to publish contracts over the WTO Government Procurement Agreement (GPA) thresholds. FTS was successfully rolled out in January 2021 and ensured the continued functioning of the UK public procurement system

- Contracts Finder - providing visibility of low-value opportunities and contract awards, to increase transparency and opportunities for SMEs. More than 347k notices have been published on Contracts Finder since 2015. Devolved administrations also operate their own procurement platforms, including Sell2Wales, eTendersNI and Public Contracts Scotland

- local government bodies are required to publish details of any contracts over £5,000 into a 'contracts register', usually hosted on their own websites

- central government departments publish their procurement pipelines - e.g. see the Home Office's commercial pipeline

- central government and NHS bodies publish transactions over £25k onto data.gov.uk or their own websites

- local government and the police publish transactions over £500, including payments through contracts onto data.gov.uk or their own websites

- central government departments are required to report KPIs from their most important contracts on a quarterly basis

▉ Public procurement current systems landscape

Finance systems

Internal contracting authority systems

eProcurement systems

Suppliers

Market intelligence

Data consumer

Monitor

Spends money

Publishes opportunities

Publishes awards

Assesses bids

Sends information on opportunities towards

Exploits data

CASIE

Buyer 1

Buyer 2

Buyer 3

Spend/performance/ contract data on individual websites

Citizens

Press

Auditors

Public systems (e.g. Contracts Finder, Find a Tender etc)

Public information

These systems have created more visibility of opportunities in the public sector for SMEs, allowed better scrutiny of government spending, and provided transparent and machine-readable information that is used by government systems, the media, and data consumers.

While we have made great strides in creating a more transparent public procurement system, our current arrangements are limited in a number of ways:

- **disparate and unconnected datasets** - only information on above-threshold tenders and contract awards are published centrally - other important information on the rest of the procurement lifecycle (e.g. contract performance, spending) if available, is on different websites or data.gov.uk. Standard contract identifiers are rarely used, meaning these datasets are also impossible to connect.

- **no single picture of procurement** - there are multiple portals where information on tenders and contract awards are published, meaning that to get a full picture of what is happening you need to check each different portal. Meanwhile, some contracts will be published

in multiple places, meaning even if you do combine datasets, you may need to spend time identifying where you have duplicated data. Publication rules also mean some contracts are not consistently published e.g. call offs from framework agreements.

- **lots of data, little insight** - public bodies spend time and energy publishing information about their procurement. While we think this is a good investment, we recognise that they do not always have the tools to unlock more of the

valuable insight they could collectively get from this information.

- **lack of organisational identifiers** - data on opportunities and contracts is often published without organisation identifiers, which are key to identifying all contracts let by a particular buyer, or held by a particular supplier. They are also essential for larger-scale analysis, e.g. looking at contracts across regions, types of authority or categories of suppliers.

How many contracts does GetTransparent LLP hold?

Let's demonstrate these shortcomings with an example. Brenda, who works in procurement for a local authority, is conducting some market research into a (fictional) company, *GetTransparent LLP*.

She starts by searching Find a Tender (FTS). While she cannot search directly by supplier, she can do a keyword search for the supplier name, which returns a number of results.

But FTS only displays contract awards over Government Procurement Agreement (GPA) thresholds. To find **all** UK contracts awarded to this supplier, she will also need to look at Contracts Finder and the devolved administration portals.

Once she has all of this information, to get an exact picture of the number of contracts held she will have to comb through each and remove any contracts that were published into multiple places. She will also have to go through and remove any framework agreements that *GetTransparent* was named on, as these are not guarantees of work. She may also struggle to identify which contracts are still live - many portals do not provide information on contract end dates as standard, and even if they do, these do not usually account for contracts being extended or renewed.

This demonstrates how answering this relatively simple question is quite difficult. Now imagine if Brenda wanted some more complex questions answered - how have *GetTransparent* performed on these contracts? How much have they earned through them? How often have they bid on contracts but been unsuccessful? These relatively simple questions are just not answerable with our current systems.

Procurement transparency: what have we achieved to date?

So while the UK already operates a very transparent public procurement system, there is still plenty of work to be done in opening up our contracting data to the public, making it accessible and easy to use, and the reforms outlined in the Procurement Bill aim to do just that.

Our transparency reforms

In order to fulfil our ambition of creating a more open and transparent public procurement regime, we are introducing three core reforms:

- the introduction of a number of new procurement 'notices', covering the entire procurement lifecycle from planning through to contract expiry
- the provision of a registration service for suppliers, where they can input information that will be used by all contracting authorities during procurement processes - a 'Tell Us Once' system
- a digital platform which will display all of this information publicly, with API access to data published to the Open Contracting Data Standard (OCDS). Once we have completed the core notice development, over time we also plan to build a number of useful registers, and explore integrating commercial data analysis tools

▌ Principles

While we are convinced of the benefits of introducing these transparency reforms, we understand that some authorities may be worried

about an increased burden on their time in order to publish this information. In order to minimise this burden, there are a number of principles that underpin the development of our policy and systems:

- **user-centred development** - all Cabinet Office owned procurement systems will be designed with our users front and centre - not just users of the data, but users creating the data as well. That means notice forms that are simple and clear, explanatory text is used where needed, and contracting authorities are able to fully comply with their obligations.
- **plug directly into systems** - most contracting authorities use an eProcurement system to manage calling for tenders, receiving bids and selecting suppliers. They also use systems to manage contracts and finances, both of which will contain information we will be collecting under the new rules. Ideally, we want to plug directly into all of these systems, so contracting authorities do not have to actively publish information about their procurements, but that the right information is sent automatically by their systems at the right time. Contracting

authorities will also be able to publish notices directly via the platform using web forms if they prefer.

- **data in, insights out** - as well as asking contracting authorities to submit information to the platform, we want the platform to provide insights from commercial data in return, which will allow them to fully understand their markets to make better informed commercial decisions.

- **proportional levels of transparency** - we want to ensure that we are only asking for the most detailed information - contract documents, performance markings etc - from the largest contracts, in order to maintain transparency without bogging procurement teams down in unnecessary bureaucracy for low-value contracts.

Procurement notices

Procurement can be divided into five general 'stages' - planning, tender, award, contract and implementation. Current rules mean there is only mandatory transparency across the public sector at the tender and contract stages - with invitations to tender and contract awards made public. There is a lot of valuable information produced in the other stages which will now be required to be published.

Our transparency reforms

Stage	Notice(s)	Data gathered	Purpose
Planning	Pipeline	Information on (potential) future procurements	For potential suppliers to plan future work with the public sector
	Planned procurement; Pre-market engagement	Further information on procurements soon to commence; information on pre-market engagement events	For potential suppliers to step up their work with the public sector, and see all engagement events that they could attend
Tender	Tender; Mandatory transparency; Dynamic market; Below-threshold contract	Detailed information on opportunities to bid, including links to the tender site and information on the procedure	Suppliers can view and decide to bid on opportunities
Award	Award	Which companies did bid, which has been selected (including beneficial ownership information)	Analysis of bid and win rates, analysis of supplier & bidder beneficial ownership patterns, general market trends analysis
Contract	Contract detail; Below threshold contract detail	Detailed information on the final value, contract duration, extension options commercial tools used, KPIs to be used and the redacted signed contract	Contract & market analysis, better transparency over contract clauses and intended implementation
Implementation	Performance; Payment Contract change; Contract end	Comprehensive information on contract management including performance against KPIs, spending through contracts, confirmation of use of options / contract changes and contract expiries / terminations	Provision of important information to understand how well contracts are being managed and how well suppliers are performing. Change and expiry data key to maintaining a comprehensive and up to date register of which contracts are live

Register of suppliers

We will also create a "register of suppliers", which will allow suppliers to input information about their businesses, and answer questions that they are asked frequently across different procurements. Contracting authorities will be obliged to use these answers in their procurements. This 'Tell-us-once' system will:

- reduce duplicate work for suppliers, making bidding easier across all public sector organisations
- create a standard and updateable business record to feed information to the central digital platform, using unique identifiers, enabling analysis of public sector contracts by size, type, location of business, as well as capturing beneficial ownership information

Central digital platform

All information from the notices (and limited information from the register of suppliers e.g. identifiers and beneficial ownership) will be published to a central digital platform, building upon the current Find a Tender service. As well as allowing for the notices to be created, searched and viewed, the platform will allow data to be consumed using machine-readable formats, published to the Open Contracting Data Standard (OCDS).

Over time, the platform will also enable the analysis of commercial procurement data, giving contracting authorities, suppliers and all interested parties the ability to see:

- which live opportunities and contracts the public sector has in place, how these contracts are performing, how much has been spent through them and how long they have left to run
- which companies are working with the public sector, and particular organisations within it, including their contract portfolios, earnings and performance
- how procurements change during their lifecycle - how does the original published value of the contract compare to the amount actually spent through it

This will include a number of registers that will enable data users to get a clear picture of various elements of public procurement:

- **register of commercial tools** - allowing contracting authorities to view which frameworks and dynamic markets they can use to conduct their procurements, and seeing which contracts have been won through different commercial tools
- **performance register** - to view how suppliers perform through various contracts they deliver
- **prompt payment register** - a central place to view how quickly contracting authorities pay their suppliers
- **debarment list** - a single place to view suppliers which either must or may be excluded from procurements

Benefits of the reforms

In the impact assessment published alongside the Procurement Bill, we outlined a number of benefits to the transparency reforms, including:

- lower prices through better disclosure
- improved accountability in spending
- reduced scope for corruption
- time savings through the 'tell us once' system

There will also be costs associated with the transparency reforms. These include the time contracting authorities will need to spend producing and publishing the new notices and the administrative costs associated with building the new system. However, we believe that these transparency reforms will be transformational in unlocking greater value for money, opening up opportunities and increasing public trust in UK public procurement.

We are hoping that enhanced transparency in public procurement will bring benefits to a wide range of important stakeholders, including:

- **contracting authorities** - able to access a more diverse range of suppliers through better visibility of procurement plans and tender opportunities; more efficient procurement and reduced costs through better data on opportunities to collaborate with other authorities; reduction of the time spent searching for appropriate routes to market through better data on available frameworks and commercial tools; more data to conduct market analysis and spot for signs of fraud and corruption
- **suppliers** - better visibility of procurement plans, engagement events and tender opportunities will increase the number of opportunities to bid on; better data for horizon scanning and market intelligence; use of performance data will prevent suppliers from having to compete with others who have been proven incapable of delivering but are willing to undercut on price
- **general public, civil society and the media** - able to monitor how taxpayers money is spent, where and with whom, in order to better hold public authorities to account
- beneficial ownership data collected for bidders and winning suppliers will enable analysis of the corporate structures of suppliers involved in the public sector

- **government policy** - data from the platform will enable monitoring compliance with the transparency requirements of the new legislation and also enable measuring the impacts of the wider reform programme

Where do we go from here?

Next steps

The Procurement Bill was introduced to Parliament in May 2022. Much of the detail on the transparency reforms – for example, the fields that contracting authorities will need to send in with the notices, and the types of information to be held in the register of suppliers – will be finalised in secondary legislation and guidance. Once the Bill has achieved Royal Assent, this secondary legislation will be laid.

In the meantime, we have already begun working on the draft templates for the new notices in Find a Tender. We will be inviting eProcurement system providers to test these as we develop them. We will also be publishing technical documentation to ensure anyone can build new compliant products.

While these providers are testing our new notices, we will begin discovery on the data analysis elements of the central digital platform. This will include the registers outlined in the green paper, exploring the types of data view we want to make available for everyone via the platform and improving the overall user experience. Designing, developing and iterating these elements will be a continuous process and they will not all be finished by the time the legislation goes live.

We have committed that we will provide at least six months' notice of the new regime coming into force from when the legislation is concluded. We are keeping up regular communications while the Bill goes through Parliament, to ensure that everyone has time to prepare.

Get involved

If you would like to hear more about our transparency reforms, you can sign up to the Transforming Public Procurement mailing list or visit our website. We are also running a continuous programme of user research to inform our development of Find a Tender into the new central digital platform – if you are involved in UK public procurement, or have an interest in using the new data we will be collecting outlined in this paper, you can sign up to participate in Find a Tender user testing here.