



Cabinet Office

National Procurement Policy Statement

13 May 2024



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Presented to Parliament pursuant to section 13(3)(c) of the Procurement Act 2023.

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NATIONAL PROCUREMENT POLICY STATEMENT

Purpose

1. This national procurement policy statement sets out the strategic priorities for public procurement and how contracting authorities can support their delivery.

Introduction

2. The Procurement Act 2023 establishes a new public procurement regime, creating a simpler and more transparent system that will deliver better value for money. Public procurement makes up around a third of public expenditure every year and contracting authorities must use the power of this spend to support the delivery of national policy priorities. Adopting common benchmarks and standards enables widespread sharing of best practice in public procurement. This cultivates a culture of continuous improvement, saving taxpayers' money and driving sustainable economic growth. Contracting authorities should act to ensure their procurement and commercial teams have the right capability and capacity to deliver the priorities in this national procurement policy statement.

Scope

3. All contracting authorities must have regard to this statement as mandated by section 13 of the Procurement Act. It applies to contracting authorities defined in section 2 with the exception of the authorities and procurements set out at section 13(10) as follows:
 - Private utilities
 - Contracts awarded under a framework or dynamic market
 - Procurements under devolved Welsh or transferred Northern Irish procurement arrangements
 - Devolved Welsh authorities or transferred Northern Irish authorities
4. This statement does not apply to the exercise of procurement functions in relation to contracts which are exempt from the Procurement Act 2023 under Schedule 2. Paragraphs 10 to 12 of this statement do not apply to the exercise of procurement functions by the Ministry of Defence in relation to defence and security contracts. A defence and security contract has the same meaning as in section 7 of the Procurement Act 2023.
5. Nothing in this statement should conflict with the Government's international trade obligations, contracting authorities' requirements under existing public procurement legislation or the Public Services (Social Value) Act 2012 nor with their obligations to procure goods, works and services in an open, fair and transparent manner whilst guarding against fraud and corruption.

Duration and review

6. This statement will come into effect on 28 October 2024. It will remain in place until it is withdrawn, amended or replaced, and can be reviewed when the Minister for the Cabinet Office considers it appropriate to do so. When considering whether to review the statement, the Minister for the Cabinet Office will give regard to whether there has been a significant change in any circumstances on which the statement was based and whether such change was anticipated when the statement was published.

NATIONAL PRIORITIES FOR PUBLIC PROCUREMENT

7. Contracting authorities should have regard to the following national priorities in exercising their functions relating to procurement. The national priorities relate to value for money; social value; small and medium-sized enterprises; commercial and procurement delivery; and skills and capability for procurement.

Value for money

8. Value for money is paramount in fulfilling our commitment to taxpayers and delivering public services efficiently. Contracting authorities must place value for money at the forefront of all procurement activities. This means optimising the use of public funds by balancing effectiveness, efficiency and economy over the life-cycle of a product, service or works to achieve the intended outcomes of the procurement. This includes wider socio-economic and environmental benefits and impacts.
9. In preparation for the preliminary market engagement and procurement strategy design phases of the procurement, commercial teams should ensure that they have a good understanding of the policy or programme of which their procurement is a part. The procurement should be designed and managed in order to enhance achievement of the associated policy outcomes (as monitored in a policy impact evaluation by the policy lead).

Social Value

10. All contracting authorities should have regard to the following outcomes in their procurement activities, alongside any additional local priorities, where it is relevant to the subject matter of the contract and proportionate to do so:
 - Creating resilient businesses and opportunities for quality employment and skills development.
 - Improving innovation, supply chain resilience and security of supply.
 - Tackling climate change and reducing waste.
11. There are a number of ways that contracting authorities can implement these outcomes, for example, changes to the way the procurement is structured or the process carried out, the specification of the goods, services or works to be purchased, or the award criteria which will determine the most advantageous tender.
12. Whilst it can be beneficial to consider such additional benefits, achieving them without overburdening suppliers is crucial. Contracting authorities should ensure that they do not place onerous requirements on suppliers, or use disproportionate clauses in tenders and contracts. For example, contracting authorities should not 'gold-plate' the Equality Act 2010 by setting unnecessary diversity reporting or 'equality, diversity and inclusion' requirements for the private and voluntary sectors.

Small and Medium-sized Enterprises

13. Small and medium-sized enterprises (SMEs) are the backbone of our economy. It is vital contracting authorities support businesses to achieve sustainable growth and open up public procurement opportunities to more SMEs, voluntary, community and social enterprises (VCSEs) creating a thriving, competitive marketplace. SMEs not only play a key role in communities by providing a local service and employment but can also offer innovative solutions to public service delivery.
14. Contracting authorities should ensure that they level the playing field for SMEs, VCSEs and start-ups to compete in public procurement by reducing and removing barriers in the procurement process.

Commercial and procurement delivery

15. Contracting authorities should consider whether they have the right operational policies and processes in place to manage the key stages of commercial delivery. In doing so, they should consider how the principles, practices and guidance from the Government's Playbook series could be applied to their organisation. The Sourcing Playbook sets out best practice, detail on the principles, and guidance on sourcing services and assets. The Construction, Digital Data and Technology and Consultancy Playbooks provide sector-specific guidance.

Skills and capability for procurement

16. Contracting authorities should consider their organisational capability and workforce plans, with regards to the procurement and contract management skills and resources required to deliver value for money. They should be confident they have sufficient work force and capability to ensure taxpayers' money is spent effectively and efficiently.
17. There are a number of professional standards against which contracting authorities can choose to benchmark themselves. The Commercial Continuous Improvement Assessment Framework (CCIAF) produced by the Government Commercial Function with NHS England and the Local Government Association is appropriate for contracting authorities with a third party annual spend profile of £100m or above.

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