

# What are PPN's?

“PPN” stands for Procurement Policy Note. They're updates that the Government release which advise the country on changes to national procurement policy and practice. They have been happening more regularly now that we've left the EU. As the UK is no longer bound to comply with the European Union's directive on public procurement, there is scope for the Government to make wide-ranging changes to the rules public bodies must follow when procuring contracts.

Firstly, before we dive into the PPN in more detail, there is an important distinction to be made between the Green Paper we saw Cabinet Office release December 2020 and the PPN's. The Green Paper and subsequent legislation changes planned for Autumn 2021 are only affecting procurement law. Whilst the PPN's are not markers of legislative change they are linked, and are related specifically to procurement policy and practice.

## What's important about PPN 05/21?

This PPN includes the National Procurement Policy Statement (NPPS) – and gives us another indication of the direction of travel ahead of the upcoming Procurement reform. The changes that it announced take effect immediately and applies to all Contracting Authorities (CAs) in the UK – not just central government bodies. You can read the covering PPN and NPPS here – [Procurement Policy Note 05/21: National Procurement Policy Statement](#).

*It is important that we all understand the advice. It will be required that all Contracting Authorities “have regard” for the changes to policy and practice outlined in the note.*





Capability

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# Capability



All contracting authorities should consider whether they have the right organisational capability and capacity with regard to the procurement skills and resources required to deliver value for money.

PPN 05/21

## What does this mean?

The NPPS places great emphasis on the skills and capability for procurement. Contracting Authorities should be confident that they have sufficient capability and capacity to ensure that publicly funded £'s are spent wisely.

It is assumed that organisations will be able to assess your team's capability by making references to suitable qualifications (such as CIPS) and reliable procurement experience.



## Skills & Capability for Procurement

### How will it be measured?

Whilst the NPPS doesn't yet clearly define how this capability will be measured, it does indicate how organisations can begin to make changes straight away.

The specific capability for each organisation will vary depending on organisation size and portfolio. The NPPS suggests that CAs should consider benchmarking themselves annually against relevant commercial and procurement operating standards and other comparable organisations.

**To help us begin to do this, the NPPS suggests several starting points which organisations can begin to consider. They include asking:**

- Whether your commercial objectives are aligned to relevant policies and organisational objectives?
- Whether your governance, management frameworks and controls are integrated, proportional and appropriate to the commercial work and associated risk?
- Whether your work is assigned appropriately to colleagues with the correct experience and skills to undertake the work?
- If your commercial business strategy aligns with your business needs – and is clear in helping your teams to determine when and how services should be procured?
- Whether your business carried out an appropriate level of market engagement in order to fully understand market conditions and inform your procurement routes?
- Whether you have the right in-house contract management capability and resources?
- Whether your procurement strategy and reporting enables your business to process efficiently with robust controls and effective decision making?



## Skills & Capability for Procurement

### How do I improve?

It is understood that Cabinet Office will deliver training on Procurement reform once legislation is passed in the Autumn. It is essential that procurement teams attend these. Training will ensure that you fully understand the changes to procurement law, policy and procedure. And, give you the skills and knowledge necessary to take them back to your organisation and put into practice.

SEC can also offer you a solution to this by delivering training and development for your colleagues:

- [Apprenticeship Entry Level 3 \(CIPS\) – for colleagues new to procurement](#)
- [CIPD Level 4 – for colleagues with at least 2yrs experience in procurement](#)
- [A-Z of Public Procurement – training with Trowers & Hamlins](#)
- [Optimising your Procurements – training with Trowers & Hamlins](#)
- [Tender Evaluation Masterclass – training with SEC](#)
- [Specification Writing Masterclass – training with SEC](#)



# Social Value



All contracting authorities should consider the following national priority outcomes alongside any additional local priorities in their procurement activities:

- Creating new businesses, new jobs and new skills;
- Tackling climate change and reducing waste, and
- Improving supplier diversity, innovation and resilience

National Procurement Policy Statement

## What does this mean?

The NPPS places the “national priorities” of Social Value at the heart of its recommendations. The Government wants to send a clear message that the improvement of social welfare and wellbeing are included at every stage of the procurement process – including setting the procurement strategy, drafting the contract terms, and evaluating tenders.

They highlight three main priorities and explore how you may focus on these in more detail



# Social Value

## Creating new businesses, new jobs and new skills:

1

- Increase opportunities for entrepreneurship and helping new / small businesses to grow.
- Increase employment opportunities – particularly to those who face barriers to employment and/or are from disadvantaged areas.
- Create training opportunities for people in industries with known skills shortages.
- But – always make sure that what you’re asking for is relevant and proportional to the size and term of the contract.

Cabinet Office does include a note of caution – that these “national priorities” are always included in balance with the delivery of the core purpose of the contract.

1 Businesses



## Tackling climate change and reducing waste

2

- Contribute to the UK Government's target to reduce greenhouse gas emissions for net zero by 2050 – and carry this through to your tenders.
- For any contract over £5m in value bidders now need to evidence their own zero carbon operational plan. Make sure you use this in tenders going forward.
- Reduce waste, improve resource efficiency and contribute to the move towards a circular economy.
- Identify and prioritise sustainable procurement which delivers additional environmental benefits. The NPPS highlights enhanced biodiversity as an example of this.

Cabinet Office does include a note of caution – that these “national priorities” are always included in balance with the delivery of the core purpose of the contract.

2 Climate Change



## Improving supplier diversity, innovation and resilience

3

- Create a more diverse supply chain – support start-ups, small and medium-sized businesses, and VCSEs (voluntary, community and social enterprise organisations, including charities and public service mutual).
- Buy local where you can.
- Increase innovation and the use of disruptive technologies and business models throughout the supply chain.
- Always carry out the appropriate checks on a contractor / suppliers financial standing. And use the right models to measure – this can be a more reflective check than credit scores. (Remember in using Frameworks like the SEC, this part is done on your behalf and monitored regularly)

Cabinet Office does include a note of caution – that these “national priorities” are always included in balance with the delivery of the core purpose of the contract.

3 Supplier Diversity



# Social Value

## Measuring Social Value

SEC recognise that social value is at the heart of what we do as a sector. As such, we're doing a lot of work with HACT and their Social Value Roadmap. The roadmap will enable the social housing sector to use social value information to improve services, enhance decision making and improve the impact we make.

Working with Simetrica-Jacobs and other partners from the social housing sector, HACT have developed a roadmap for the future of social value in social housing.

### The roadmap consists of three stages:

- Stage 1: expanding the UK Social Value Bank with a broader set of wellbeing values, a new set of economic values and a new set of environmental values. In bringing together these different methodologies, we will ensure they are coherent, robust and avoid double counting, so that social housing organisations can apply social value metrics across their business with confidence.
- Stage 2: developing tools to use the UK Social Value Bank. These will enable social housing organisations to apply social value metrics across their business, whether in asset management and investment, ESG reporting, or regulation and value for money.
- Stage 3: applying the UK Social Value Bank to the business of social housing. In evolving our approach to social value, we will develop a range of services for social housing organisations, including social value assurance, social value audit and certification, social value benchmarking and social value innovation.

## Follow our progress here

Once it's up and running it will be a great way for you to measure your Social Value activities in line with the national priorities set out above. In the meantime, the current UK Social Value Bank is another way to measure and embed social value within your organisations.



# Published Pipelines

“ Contracting authorities should publish annual pipelines of their planned procurements and commercial activity, looking forward at least 18 months but ideally three to five years.

National Procurement Policy Statement

## What does this mean and why are they asking us to do this?

Contracting Authorities must now publish their procurement pipelines – ideally looking forward three to five years (but at least 18 months):

- For those who spend over £200m annually this is from April 2022
- For those who spend over £100m annually this is from April 2023

This change is linked to Cabinet Office’s recommendation that all CAs ‘consider whether they have the right policies and processes in place to manage the key stages of commercial delivery’. The publishing of pipelines this far in advance will help both the CA and the market to prepare. It will also help ensure that CA’s have a forward-looking view and are confident that they can manage the size and complexity of their pipeline. Where previously you may have published only items you directly procure, it is now implied you must advertise all opportunities you are also running through frameworks.



# Published Pipelines

## How do we do this?

Currently it is unclear whether you need to publish your pipelines in a central forum. This is likely to be decided before legislation is passed in the Autumn. We will keep you updated on any changes to this.

In the meantime, it would be a good practice to begin looking at your procurement pipeline in readiness for any changes. Especially if your organisation spends more than £200m annually – you will need to share your pipeline from April 2022.

It will also be helpful for organisations to have a forward long-term plan for your assets. This will help you to plan your procurement pipeline effectively without needing to be reactive. We're running an interesting training course with 4iSolutions which may be helpful – [Smart Asset Management Strategy \(October 2021\)](#).



# Published Pipelines

## What is SEC doing to prepare?

Our procurement team can work with you to plan forward routes to market where our frameworks can support some of your objectives. The earlier we know about your programmes, the earlier we can support you with Market Engagement and pre tender advice.

These changes also apply to us here at SEC for our Framework Procurements, as we are also a Contracting Authority. We currently publish our upcoming framework pipeline on our website <https://www.southeastconsortium.org.uk/our-frameworks/new-frameworks/>

**We will work to get our forward-looking pipeline over 18 month online before December 2021.**



# Market Engagement

“ Projects should undertake market assessments to determine the health of the relevant market and consider how the commercial strategy and contract design could be set to address potential market weaknesses.

National Procurement Policy Statement

Commercial and procurement delivery considerations take up a large part of the NPPS. The overall emphasis is encouraging us to engage with the market more. The more complex a project is, a more robust your process must be to successfully set up, procure and manage contracts – market engagement is an essential part of this procedure.

## How does the NPPS suggest we do this?

Cabinet Office suggests Contracting Authorities consider how the following principles, practices and guidance could be applied in their organisation:

### Market health and capability assessments

- Procurement teams should undertake market assessments upfront to determine the health of the market.
- Consider how your commercial strategy and contract terms / management approach could address any weaknesses in the market.



# Market Engagement

## How does the NPPS suggest we do this?

### Cost modelling

- You should consider cost modelling your complex projects when considering the best delivery for your contract. This will help you to estimate the total cost of delivering the service and protect yourself from low bid bias.
- SEC can help you with benchmarking your project when using our frameworks

### Assessing the economic and financial standing of suppliers

- Prior to contract award, projects should always include a proportionate assessment of the bidders's financial standing.
- SEC has a robust system of checking the financial standing of our suppliers. We check for changes in credit rating and all suppliers are pre-vetted before being awarded to the framework

### Key performance indicators

- Ensure KPIs included in your contract are relevant to the service objective and proportionate to the size and complexity of the contract.
- Housemark can help you with this and is a great tool <https://www.housemark.co.uk/>



# Market Engagement

## Collaboration is key

The NPPS suggests that collaboration can be a great way for organisations to achieve this

“ As well as considering key stages of delivery, contracting authorities should consider opportunities for working with each other to deliver best value for money both at national and local levels

National Procurement Policy Statement

### Collaborating in this way can help Contracting Authorities to:

- Make the best use of commercial and procurement skills;
- Benefit from economies of scale;
- Achieve efficiencies through shares resources, and
- Realise savings and community benefits.



# Market Engagement

## How can we best achieve this?

Cabinet Office promotes the use of professional buying organisations (PBO) - (like SEC) - as a good form of collaboration. PBOs can help you to secure the best commercial deal for your goods and services.

Public sector frameworks should provide you with a compliant route to market that saves you time and money. Each framework is FTS / OJEU compliant, meaning you'll save weeks of tender time and 000's of £s in terms of administration as a minimum – that's before you measure economies of scale. When we go to the market we lever our buying power to get some of the best market rates in SE England. Our frameworks all have specifications and cost data behind them to support you in making informed decisions. Ask us to talk to you about this information.

Using South East Consortium - <https://www.southeastconsortium.org.uk/our-frameworks/>





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