



Impacts and Benefits of the Procurement Green Paper



Transforming Public Procurement

- The proposals are in the majority of cases positive improvements
 - Simplify processes
 - Reduce barriers for smaller local businesses.
 - Reduced number of procedures including new competitive flexible
 - Provides opportunities to consider previous performance
- Generally supports many of the aims contained within our recently refreshed Procurement strategy.



Performance Measures

- Provides opportunities for past performance to be included in tender analysis.

“We propose giving buyers the tools to properly take account of bidders past performance and exclude them if they clearly do not have the capability to deliver”

- Positive step however require greater clarity on how this will work in practice?
 - Need a mechanism in place to be able to challenge bids
 - Quality scoring on performance / central platform?



DPS + and Framework proposals

- Alternative route to market for a range of purchases.
- Suppliers can join at any point therefore this may encourage our smaller local suppliers to bid for work.
- Competitive flexible procedure- freedom to negotiate and innovate.
- Open frameworks- will allow new companies to enter the market.
 - Direct award possible on Frameworks.



Concerns

- How will it work in practice?
- Need for clear guidance
- Greater administrative burden?
- Review process reform- Spurious challenges?
- Some barriers to small businesses if additional award criteria??



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Procurement Post Brexit – What’s Changing? Presentation to CHIC Limited Mark Robinson, Partner, Projects and Construction

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Procurement Post Brexit – What's Changing?

- From 31 December 2020 the EU Directives on public procurement ceased to apply
- The UK public procurement Regulations are however here to stay until they are repealed
- UK-EU Trade & Co-operation Agreement contains procurement provisions, designed to co-ordinate with UK's obligations under the World Trade Organisation's Agreement on Government Procurement and aspirations under the Green Paper.
- Implemented by European Union (Future Relationship) Act 2020

Procurement Post Brexit – What’s Changing?

- Advertisement and admin:
 - Obligation to publish in Find a Tender rather than EU’s Official Journal for procedures launched from 11pm 31st December 2020
 - Called the “UK e-notification service” under the Regulations
 - Action Note PPN 8/20 23 November 2020:
<https://www.gov.uk/government/publications/procurement-policy-note-0820-introduction-of-find-a-tender>
 - Other changes e.g. reports to Cabinet Office etc. rather than European Commission
 - Continuing award procedures (or awards under frameworks and DPS) continue to apply old rules e.g. award notices etc. in Official Journal of EU

Procurement Post Brexit – What’s Changing?

- Green Paper on post-Brexit procurement published on 15 December 2020
- Streamlining of procurement procedures:
 - Open Procedure remains
 - New “competitive flexible” procedure
 - Limited tendering procedure
- New short-listing issues:
 - New centrally held debarment list
 - Poor past performance
- Transparency proposals
 - New open contracting approach
 - A lot more information published
 - Enable “pick your own” feedback – Reg 86 feedback removed

Procurement Post Brexit – What's Changing?

- Proposals also to change remedies regime and facilitate amendments to existing contracts
- Framework agreements and DPS+
 - DPS+:
 - Can be used for any works, services or supplies
 - Not just standard requirements (but this reflects common practice in any event?)
 - Call-offs the competitive flexible procedure – will negotiation be allowed?
 - No charges other than for suppliers who win contracts

Procurement Post Brexit – What’s Changing?

- Framework agreements: 2 options
 - “Closed framework agreement” – up to 4 years (what about longer duration in exceptional circumstances, duly justified etc...)
 - “Open framework agreement” – up to 8 years
 - Open to new suppliers at various points (open up after year 3)
 - Incumbents cannot be “blockers” so must bid again on basis of previous or new tender
 - Competition run under full rules

Procurement Post Brexit – What’s Changing?

- Green Paper on post-Brexit procurement
 - Will it transform public procurement?
 - Time-scales – consultation responses submitted
- National Procurement Policy Statement and Procurement Policy Note 05/21
 - Published 3 June
- All contracting authorities to consider:
 - “priority outcomes”
 - creating new businesses/new jobs and new skills
 - Tackling climate change and reducing waste; and
 - Improving supplier diversity, innovation and resilience
- Applies to central government departments and the wider public sector, e.g. local authorities and NHS bodies
- Legislation to be brought forward

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CHIC Webinar

Supply Chain Challenges



Current Supply Chain Issues

- We are currently seeing supply impacted due to a combination of the below.
- Covid – 19
 - We are seeing both a direct and indirect impact on supply from Covid-19.
 - Direct – some suppliers are seeing a disruption to manufacturing due to delays in shift changes due to cleaning requirements, social distancing requirements having an effect on their production lines and of course employees off sick.
 - Indirect – Covid-19 plays a part in all the following issues.
- Delays at UK ports
 - Congestion at UK ports is leading to delays in unloading of vessels and some vessels redirecting to ports in mainland Europe.
- UK hauliers
 - Over recent weeks an increasing number of suppliers are quoting a shortage in availability of UK hauliers and pallet lines extending their lead times.

Current Supply Chain Issues

- Raw material shortages
 - The industry has been impacted by shortages of several raw materials resulting in extended lead times, allocations and cost inflation.
- Demand
 - Increased demand on both a global and national scale is impacting supply.
 - Demand for global commodities have impacted supply, in particular timber as increased demand is leading to supply that previously would have come to UK being diverted to America.
 - Demand in the UK has increased significantly over recent months and this has stretched a supply chain already impacted by the other issues listed.

Mitigation

- In general products are available but on extended lead times.
- Procurement are in regular contact with all key suppliers to ensure we are aware of any current or upcoming supply chain issues.
- Buildbase branches receive weekly updates on products with supply issues to ensure we are stocking up where possible and forward ordering where necessary.
- Procurement constantly review supply and challenge suppliers to ensure Buildbase are maximising supply of products with shortages or extended lead times.
- For any product on allocation this is controlled centrally to ensure stock is supplied to branches with historic and ongoing demand.
- For products where supply is disrupted for an extended period of time where possible alternatives are sourced.



Next 6 Months

- The expectation of the coming months is that supply will continue to be a challenge.
- Suppliers dependent on certain raw materials in particular timber are not expecting demand and therefore supply to level off this year and as such we expect continued supply challenges and cost inflation.

Pricing

- As demand continues to outstrip supply this is resulting in cost inflation.
- We are seeing inflation across the full product range with certain key areas hit harder than others.
- Shortages of PVC, MDI, timber and steel have led to significant cost inflation and multiple cost increases.
- Container charges have increased significantly since Q4 2020 resulting in cost inflation on imported goods, in particular those from China and India.
- The expectation is that we will see continued cost inflation throughout 2021.



🚀 Transforming public procurement

Procurement Green Paper 5 Takeaways



New procurement principles

The Green Paper proposes to update the principles which will apply to the following:

- ✚ Transparency
- ✚ Non-discrimination)
- ✚ Value for money
- ✚ The public good
- ✚ Integrity • efficiency
- ✚ Fair treatment of suppliers

all in line with The Government Procurement Agreement (GPA)

- UK bidders will continue to be able to other parties' territories
- Businesses from those parties can bid for certain procurement opportunities in the UK

The Green Paper – 5 Takeaways

1. Streamline procedures

- ✚ New DPS+
- ✚ Framework Agreements

2. MEAT changed to MAT

- ✚ CHIC as a buyer does not have to accept the lowest bid and consider non- economic and social value

3. Late Payment

- ✚ All suppliers in a public contract supply chain are paid within 30 days.

4. eProcurement

5. Central database

- ✚ Record of eligibility, latest accounts and relevant certificates and accreditations
- ✚ Central debarment list
- ✚ Poor Performance

1. Streamlined Procedures

🏠 Dynamic Purchasing Systems +

- 🏠 May be used for all types of procurement

🏠 Framework Agreement – Proposed two options:

- 🏠 Closed for four years
- 🏠 Open for eight years with an initial closed period for up to three years

🏠 Key Points:

- 🏠 permitted to limit the number of suppliers on a framework at any one time, but if this option is utilised
- 🏠 the authority will need to re-evaluate the bids of suppliers already on the framework alongside ‘new’ suppliers each time the framework is re-opened, to determine which suppliers are allocated the available places.

2. MEAT changed to MAT

- ✦ Evaluation of bids on the basis of the “Most Advantageous Tender” rather than the Most Economically Advantageous Tender
- ✦ Green Paper proposes reinforcing a contracting authority’s right to consider social value as part of the procurement process.
- ✦ Regard to a “National Procurement Policy statement” when structuring their procurements, so that public procurement can be leveraged to achieve social and environmental value.
- ✦ This will also permit a wider point of view to be taken into account in respect of the evaluation of tenders (e.g. the impact on other parts of the public sector).
- ✦ CHIC tenders potentially will include separate weighting (Min 10%)
- ✦ Model questions, criteria and reporting metrics in PPN 06/20



3. Late Payment

- ✦ Intention to legislate so any business in the supply chain can take up payment delays directly with the CA;
- ✦ Emphasis on ensuring all suppliers in a public contract are paid within 30 days
- ✦ CA given right to investigate payment performance of any supplier in any tier of its supply chain.
- ✦ PPN 07/20 From 1st April 2021 the following applies to major contracts (value above £5million per annum)
 - ✦ Assessment of bidder's payment systems at the selection stage on a pass/fail basis:
 - ✦ Paying suppliers in accordance with contractual terms;
 - ✦ Paying 96% of invoices within 60 days

4. Procurement Green Paper – eProcurement Proposals

- ✦ Generally should help to promote the development of the broader digital government agenda.
- ✦ Address concept of ‘transparency by default’ which flows throughout the Green Paper
- ✦ Systems have been developed independently on a CA by CA basis
 - ✦ Led to a range of incompatible systems
 - ✦ Data held is not easily accessible
- ✦ Green Paper proposes a central platform which will become a single data repository
 - ✦ All contracting authorities will be required – through new legislation – to publish ‘procurement and contracting data throughout the commercial lifecycle’ and initially will include;
 - Public access to all published data;
 - Notices from Find a Tender service and Contracts Finder;
 - Links to e-procurement systems for tendering;
 - Access to commercial data analysis tools;
 - Price and commercial performance comparison by supplier and between supplier.

5. Central Database

- ✦ Current legislation includes a list of mandatory and discretionary exclusion grounds which require/enable an authority to exclude a bidder in certain circumstances
- ✦ However, there is no central list or register which would enable an authority to verify that no such grounds exist without undertaking further investigations

✦ The Green Paper proposes developing a centrally managed

- ✦ Debarment List
- ✦ Supplier Past Poor Performance



- ✦ It is envisaged that later down the line, if a supplier's performance falls below the pre-determined threshold, then it may then be possible to exclude from public sector opportunities for a set period of time.
- ✦ From CHIC's perspective need to evaluate suppliers' contract performance based on prescribed KPIs.

