

Procurement Reform Consultation

Summary of Responses

15 SEPTEMBER 2025



SME / VSCSE Spend Targets

Mixed Stakeholder Views

Some stakeholders support procurement targets for transparency, while others worry about administrative burdens and tokenism.

Direct vs Indirect Spend

Stakeholders emphasize the need to distinguish direct from indirect spend to avoid superficial SME engagement.

Collaborative Contracting

Recommendations include encouraging collaborative contracting and awarding scores for integrating SME and VCSE partners.

Capacity Building and Planning

Training procurement teams and using project bank accounts can support strategic planning and prompt payments.



Targets for increasing procurement spend with SME and VCSEs

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?

While member views vary, the proposal is received with a broadly neutral stance, recognising its potential to strengthen SME/VCSE engagement, improve transparency and accountability, and encourage collaborative contracting through integration scoring. A few stakeholders argue that rigid targets may undermine strategic procurement. It was suggested to use project bank accounts (PBAs) to support direct spend and prompt payment. Provide flexibility in how targets are set and measured.

Ensure there is guidance and support for contracting authorities to implement targets strategically. The policy must clearly distinguish between direct and indirect spend. Authorities may meet targets by shifting low-value contracts to SMEs without meaningful engagement. Targets could lead to superficial compliance (e.g. carving out simple contracts). A recommendation from the group, was to focus on quality of engagement, not just quantity. Encourage contracting authorities to adopt collaborative models. Allocate scores to suppliers who demonstrate integration of SME/VCSE partners. This fosters long-term growth and capacity building.

There was concern that many authorities lack the resources and skills to manage SME integration effectively. A suggestion, to provide training and support to build procurement capability.

Formal spend targets may conflict with strategic procurement goals. Instead, promote early supply chain involvement and intelligent procurement planning. To reduce administrative burden, reporting requirements must be proportionate and digitally streamlined. Excessive bureaucracy could deter participation and reduce effectiveness. Transparency is valuable but should focus on insightful reporting rather than volume. Use reporting to identify issues and opportunities, not just to meet compliance.

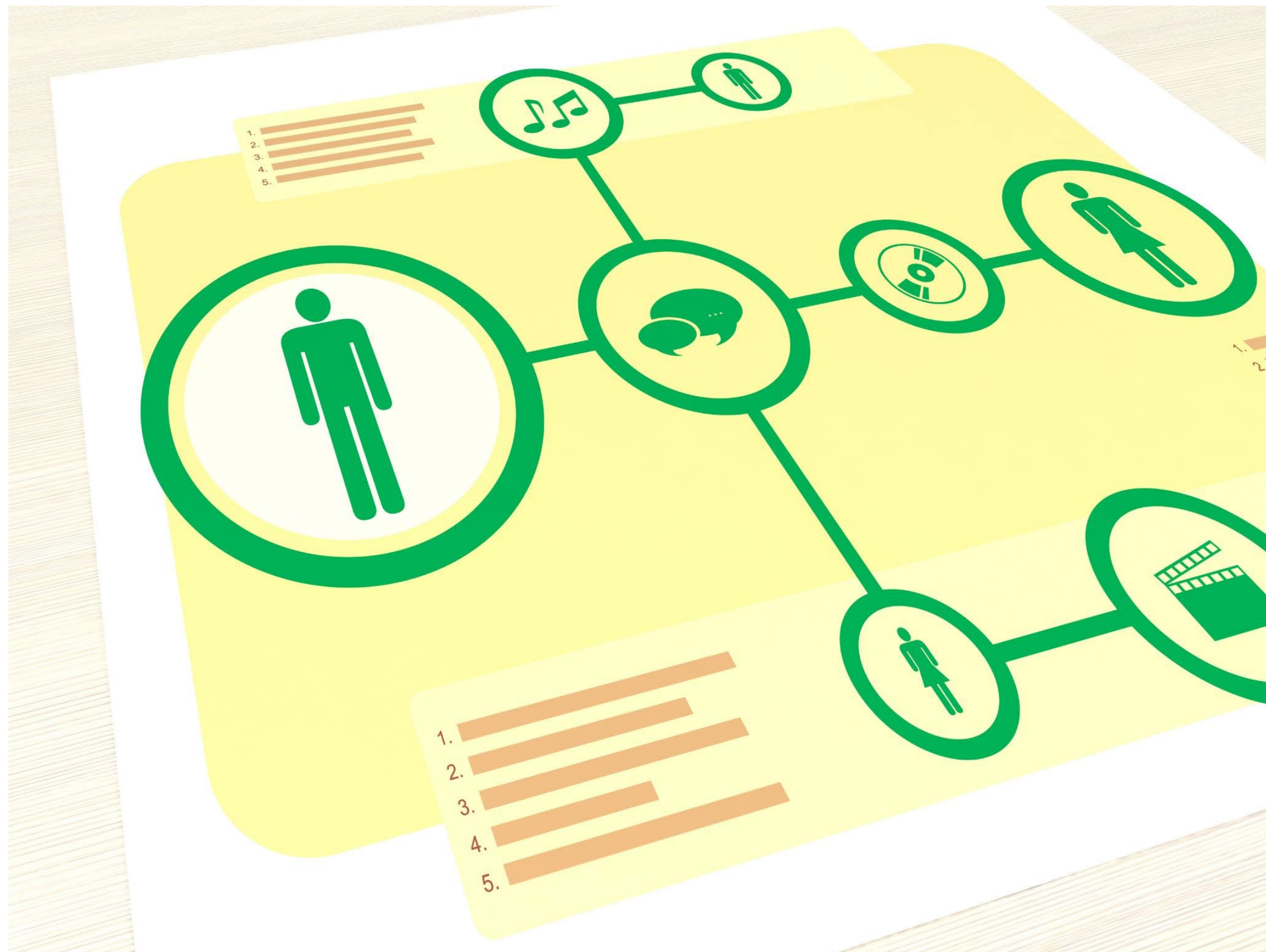
Targets for increasing procurement spend with SME and VCSEs

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?

There are concerns with the administrative burden, the resource intensity of tracking and reporting payments, especially for low-value contracts. Concern that this could divert capacity from strategic procurement activities. There would be limited impact on SME spend, scepticism about whether publishing payment data would actually lead to increased SME/VCSE engagement. Some of our members argued that transparency alone doesn't drive behavioural change. Suggestions to use a digital, standardised reporting template to reduce complexity and improve comparability. A call to ensure reporting leads to actionable insights, not just compliance. Emphasis should be placed on the depth and effectiveness of SME engagement, rather than the frequency or volume of reporting.

A recommendation to introduce digital tools and templates to streamline reporting. Limit reporting to contracts above a certain threshold to reduce burden. Link payment transparency to performance metrics or procurement incentives and consider regional or sector-specific approaches to tailor reporting requirements.

Prompt Payment



Cautious Support for Transparency

Stakeholders cautiously supported extending publication of payments to increase transparency and accountability in public contracts.

Concerns Over Administrative Burden

Many stakeholders worried about increased administrative workload, especially for low-value contracts below reporting threshold.

Recommendations for Improvement

Suggested use of digital tools, standardized templates, threshold limits, and performance-linked incentives to improve reporting efficiency.

Focus on Actionable Reporting

Stakeholders stressed need for insightful reporting that drives actionable improvements, not just compliance.

Prompt Payment Enforcement

Support for Payment Terms Enforcement

Stakeholders support excluding suppliers from large contracts if payment terms exceed 60 days but consider this timeframe lenient.

Concerns on Supply Chain Impact

Concerns exist about limited effects on lower supply chain tiers, suggesting a focus on end-to-end payment flows.

Advocacy for Project Bank Accounts

Strong support for project bank accounts to ensure simultaneous payments and reduce insolvency risks across the supply chain.

Recommendations for Transparency

Recommendations include temporary exclusion with remediation, digital payment tracking tools, and audits for large contracts.



Prompt Payment

QUESTION 3a: 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?

While member views vary, several members of our Procurement group felt that 60 days is too lenient, especially given the Procurement Act's 30-day standard. There would be a risk of manipulation, as suppliers may adjust invoice dates to meet the average. The measure may only affect first-tier suppliers, leaving subcontractors vulnerable. A suggestion from the group, was to focus on entire supply chain payment flows, not just direct contracts. There is a clear consensus within the group advocating PBAs as a more impactful solution. As PBAs ensure simultaneous payment across the supply chain and reduce insolvency risks. Some stakeholders recommend temporary exclusion with a path to regain eligibility, this avoids shrinking the supplier pool while still encouraging better payment practices. Suggestion; proposals to develop digital tools for tracking payment flows and audits for contracts over £20m to ensure transparency and accountability.

Social Value Criteria & KPIs

Mixed Feedback on Award Criteria

Stakeholders expressed varied opinions on the 10% minimum weighting for jobs and skills in contracts over £5m.

Concerns on Social Value Definition

Concerns included narrow social value scope and increased burden on small and medium enterprises.

Recommendations for Expanded Criteria

Recommendations include broader outcomes like health and community empowerment and flexible program-level strategies.

Holistic KPIs and Transparency

Support for KPIs for transparency, with caution against oversimplification and gaming, advocating qualitative and long-term outcomes.



Geographic Flexibility in Social Value Delivery

Diverse Stakeholder Perspectives

Stakeholders expressed mixed views on geographic social value delivery, balancing local needs with supplier fairness.

Strategic Social Value Planning

Recommendations include public interest tests, regional collaboration, and periodic social value plan updates.

Innovative Delivery Mechanisms

Proposed innovations include community training hubs, supply chain funds, and SME clustering for bids.



Where social value is delivered

QUESTION 8a: 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?

Despite differing opinions, members, warned that the 10% weighting could lead to tick-box behaviour. Suppliers may inflate commitments to win bids, without delivering meaningful outcomes. Limiting the focus to jobs, opportunities, or skills was considered too narrow. The group recommended broadening the criteria to encompass health outcomes, community empowerment, SEND support, and anti-knife crime initiatives, in order to better deliver social value and drive inclusive economic growth. Some members of the group felt that a contract-by-contract approach may fragment social value delivery. It was suggested to adopt programme-level strategies for a deeper, sustained impact. A burden on SME's - smaller suppliers may struggle to meet high social value targets, with a risk of unrealistic expectations being pushed down the supply chain. Some of our members recommended assessing methodology and cost of delivering social value, rather than assigning a fixed percentage score, which would allow authorities to withhold payment if outcomes aren't delivered.

Where social value is delivered

QUESTION 9a: 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?

There is strong support for greater transparency, with many in our Procurement group agreeing that mandating KPIs would enhance both accountability and openness. Publishing performance data helps track progress and encourages delivery of commitments. There's a risk of oversimplification, with concerns that KPIs may become quantitative-only (e.g. number of apprentices), which can lead to short-termism. A recommendation from the group, was to use holistic KPIs that reflect long-term outcomes and allow for qualitative assessment. Some of our members warned that suppliers may manipulate KPIs to meet targets without delivering real value. It was suggested to include subjective scoring and contractual enforcement mechanisms. SMEs may struggle to meet complex KPI requirements, especially if they're passed down from Tier 1 contractors. The recommended that KPIs be proportionate and aligned with supplier capacity. There is support for a standardised KPI framework, co-designed with industry, however the group feel that authorities should retain flexibility to adapt KPIs to local or contract-specific needs.

Where social value is delivered

QUESTION 11a: 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?

The thoughts of the group were that contracting authorities should be permitted to define the geographical location of where social value will be delivered. Suggestions for innovative ways to deliver social value and increase flexibility in the Act's relevance and proportionality requirements. There's a risk of inequity. Some members warned that allowing authorities to define geography could disadvantage national or specialist suppliers, especially in construction and infrastructure. It was suggested to apply public interest tests to justify geographic requirements. Rather than contract-by-contract decisions, our members recommended, regional collaboration among authorities, strategic social value plans updated every 2–3 years and system-level programmes (e.g. across health, education, regeneration). The group recommended that authorities be encouraged to facilitate social value through VCSEs, particularly in cases where direct delivery is not feasible. There is need for flexibility, it should be built into the Act to allow, tailored approaches based on contract type and supplier capacity and a recognition of community-specific needs and evolving priorities. The group suggested innovative delivery mechanisms such as, community training hubs tied to major contracts, regional supply chain development funds and clustering SMEs for joint bids.