

How to Prepare for the New UK Procurement Bill 2023

WHITEPAPER



Introduction

In 2023 we will see the introduction of the new UK Procurement Bill, which will represent significant changes in the procurement process across the public sector. The actual changes will not come into full effect until the end of the year, allowing the businesses, organisations and the public sector a minimum six month period to prepare for the changes.

According to the UK government, the new bill will aim to “reform the UK’s public procurement regime, making it quicker, simpler, more transparent and better able to meet the UK’s needs while remaining compliant with our international obligations”.

It has been a priority for the government to be able to finally make its own agenda without the rules and regulations imposed by the European Union.

Aiming to improve on outdated procurement practices of the last several decades, this extensive bill will consist of changes across the procurement spectrum, covering aspects such as the monitoring of any potential modern slavery practices and giving businesses a higher chance to win contracts with the public sector. Keeping up to date with the advancement in technology is another key aspect of this bill, and will be a crucial factor in the pursuit of remaining highly competitive.

In this report we will be focusing on the best way that public sector organisations can prepare for the new procurement bill in order to make the most of the new systems and processes. With the UK spending around £290 billion per year on public procurement, the government’s aim is to help further reduce costs, increase efficiency, reduce bureaucracy and enhance overall procurement processes.

A man and a woman in business attire are looking at a tablet together. The woman is on the left, smiling, and the man is on the right, looking down at the tablet. The background is a soft, out-of-focus orange and white gradient.

“These reforms will also ensure we remain committed to the WTO Agreement on Government Procurement, which the UK will join as an independent member on 1 January and which guarantees access for UK suppliers to £1.3 trillion in public procurement opportunities in more than 48 countries”.

- Lord Agnew's Green Paper, December 2020

Changes to the Current System

The current public regulations consist of: the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016, the Concession Contracts Regulations 2016 and the Defence and Security Public Contracts Regulations 2011.

In an aim to simplify the procurement system, these existing four sets of public regulations will instead be merged into a single framework. This will enable a more seamless process for procurement professionals in the public sector to engage with suppliers.

With the goal of making procurement much simpler, the government is also aiming to improve public sector services, increase overall productivity whilst saving the taxpayer money.



Your Checklist

There are four key areas to focus on in preparation for the new procurement bill. These are processes and policies, systems, people and transition.

1 Processes and policies

In order to prepare for the new procurement act, it is important to make sure that the existing processes and policies related to the assessment of suppliers are already strong.

A public body's procurement policy is the guidelines that are used in order to make their decisions, providing a framework which in turn enables procurement professionals to effectively operate within to achieve their desired outcomes.

An excellent example of a public sector entity with a strong procurement policy is the University of Surrey. Their procurement policy "sets out the parameters of the purchase of all goods, services and works, with the objective of ensuring a cost effective, sustainable and legally compliant approach to purchasing that provides best value for money for the University".

A solid procurement framework can help reduce overall procurement costs, ensure compliance and reduce procurement timeframes while benefiting local communities.

Whilst a strong policy is the foundation, an equally effective set of procurement processes or procedures is a key part of the procurement flow. In order to best prepare for the new procurement act, a public sector organisations such as universities should ensure their existing processes and policies complement each other and are running smoothly so that as they transition to the new bill, there will be minimal disruption.

② Are Your Systems Compliant?

From a systems perspective, public sector organisations can prepare for the new bill by making sure that their organisation is compliant with the transparency points associated with the bill, and up to speed with the new data requirements. For example, organisations should now start to familiarise themselves with the government's plans to introduce a single digital platform for supplier registration. This is a key factor in achieving full transparency, and this tool will allow businesses to submit their core data only once in order to be qualified to be involved in any public sector procurement; this would be in accordance with the "Government Digital Service's Technology Code of Practice and Service Standard".

e-Procurement, as defined by the Chartered Institute of Procurement Services (CIPS) is "the use of software systems that help you with procurement activities, where the 'e' stands for electronic." The idea of e-Procurement is technology to automate, optimise and streamline the various procurement processes in an organisation. The desired outcome is thus a more slick operation with less manual involvement. The benefit of e-Procurement software systems is that they can be used at any stage of the procurement process.

Within e-Procurement there are several aspects to it, such as eOrdering, eInvoicing, ePurchasing and eTendering. Therefore, becoming proficient in these electronic activities are a sure fire way in ensuring a public sector organisation can prepare itself for the new bill in 2023.

eOrdering

This is related to improve supply chain performance by ensuring all the ordering aspects of procurement are carried out via software systems. One of the major benefits of eOrdering is that it can shorten the payment cycle and customers can be automatically notified when their order has been received and is being processed. By automating and enhancing this process, it can improve aspects such as forecasting, live updates of stock levels and even trigger orders when stock orders are low. eOrdering in particular is expected to be one of the most important parts of eProcurement especially in relation to organisations using "just in time" processes.

eTendering

When it comes to procurement, the tendering process is known to be tedious and at times very complicated. The use of software systems can greatly improve the whole process. For example, the use of e-tendering allows bidders (potential suppliers) to submit their proposals and the client (for example a university or government organisation) can then review all bids in one central place, compare between suppliers as well as transfer documents and now with the use of e-signatures, sign off on any contracts in an instant.

With it being a completely paperless system, it can save a lot of time and enhance the procurement process tremendously. Using an effective software system or online portal, an organisation can clearly outline its requirements, and suppliers will then be able to respond with full details of their particular bids. Again, this ensures maximum transparency, and a fair chance for all suppliers to put their proposals forward in a centralised portal.

eInvoicing

The use of electronic invoicing is a key element to more advanced procurement systems, and can speed up the procurement process with the use of software. With the government keen to move towards a more sustainable future, this is an excellent way of reducing paper costs, printing costs and potentially going completely paperless. From an organisation's point of view by using eInvoicing processes it can reduce human errors in aspects such as data entry. Other benefits include reduced mailing costs and faster response times, and data can also be input into Enterprise Resource Planning (ERP) systems efficiently.

ePurchasing

ePurchasing is more related to procuring goods and services that may be required in high volume, but not particularly high in value. The beauty of electronic purchasing is it enhances the transparency aspect and again, speeds up the process as staff can follow the status of orders in real time as well as quickly and easily see what has been paid for without having to call the accounts to department to verify. An example of how ePurchasing can help take procurement to the next level is using software systems to automate purchase order requests. Once a supplier has been entered into a company's system and an initial order has been placed, any future purchase order requests can automatically be made once the order invoice has been received.



3 People

Of course, no organisation whether public or private is anything without its team of people, and another way to ensure that an organisation is ready for the new procurement bill is to educate and inform its key people on the upcoming changes. The UK government has indicated that in order to maximise on the new procurement bill, behavioural changes will be key, therefore the Cabinet Office has created an extensive guide related to the learning and development (L&D) package that will make the transition to the new system as seamless and easy as possible.

According to publications from the UK government, the L&D package will consist of “knowledge drops”, e-learning, deep dive webinars and Communities of Practice events.

4 Learning and Development

e-Learning

The government has created 10 individual modules, each an hour in length, to help procurement staff in “contracting authorities” to understand all aspects of the new bill and how it will be different from existing systems. The models will be relevant to both operational procurement staff as well as procurement professionals involved in managing supplier relations and contracts.

As per the UK government’s outline, the 10 modules will include the following:

1. Scope, definitions and general principles
2. Transparency
3. Procedures
4. Competitive flexible procedure
5. Aggregated procurement and tools (frameworks and dynamic markets)
6. Choice of participants - supplier selection
7. Assessment and award of contract
8. Remedies
9. Contract governance (contract amendments, KPIs, spend and performance reporting, prompt payment and e-invoicing and contract termination)
10. Certification

Webinars

This will be a second stage to the e-learning certificate (in fact the obtaining of the e-learning certificate will be a prerequisite to being granted access to the deep dive webinars).

It will consist of a three day course with interactive webinars allowing small groups to talk to experts in their relevant area.

Six topics will be covered over the three day period as follows:

Day 1:

Designing the competitive process
part 1 and 2

Day 2:

Setting award criteria, assessment
and award

Day 3:

Frameworks and dynamic markets,
contract governance

Communities of practice

This is the government's initiative to allow procurement practitioners to meet and exchange ideas on new approaches, methods to procurement and challenges in the new systems and processes.

Again, this will be targeted towards procurement professionals across the public sector such as universities, hospitals and other government organisations.

The aim will be to enhance the knowledge and ideas base of procurement professionals by organising in person or virtual meetings. This should in turn help them fast track their understanding and quickly skill up in order to effectively perform their best.

5 Make a Plan to Transition

The fourth and possibly most important area is transition. Public sector organisations should plan for the new regime early in order to make the transition as smooth as possible.

The government's brief suggests that it will be highly beneficial for organisations to look at the

procurement pipeline for the next 18 months to enable them to not only fulfil the existing procurement requirements and needs, but to be able to continue procuring without any issues when the new procurement bill comes into effect. Also, keeping supply chains informed will be essential in order to reduce the risk of any miscommunication.



Summary

With the UK's public procurement systems facing a much needed overhaul, now is the time for public sector organisations to familiarise themselves with the new systems, processes and relevant regulations that will come into effect with the introduction of the procurement bill in 2023.

The benefits organisations have is that the bill will not come into effect until late 2023, so this leaves plenty of time to become accustomed to everything. The government has outlined the four key areas in their checklist that public sector body's should take into account in order to help them prepare for the new bill.

As we've seen this consists of making sure that existing processes and policies are robust, along with understanding the changes the new bill will bring.

The next step is to make sure that organisations have existing solid systems as a foundation in order to build on these to further improve procurement, by moving towards e-Procurement. This means that organisations will need to become proficient in e-Procurement related processes and systems such as eOrdering, eInvoicing, ePurchasing and eTendering.

People is the next area which needs focus and attention, and the government are providing extensive resources, guides and tutorials to help the procurement professionals and workforce in organisations get up to speed quickly and effectively.

The transition stage is related to the concept of ensuring the other steps outlined above are being "worked on" in tandem, in order to make the move into the new way of procurement as seamless as possible.

By using the checklist and guidance provided by the government and making sure all the proverbial boxes are ticked, organisations in the public sector can ensure that they can be fully prepared for the new procurement bill in 2023 with minimal disruption, and benefit from the many upgrades, efficiencies and most importantly time and cost savings.

The Procurement team has matured way beyond a cost control centre. They have a strategic role to play in ensuring the suppliers you work with are right for your business, from getting the best value for money, to shared economic, social and governance value (ESG). No longer is it just about what you spend, it's also about how you spend.

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