



Cabinet Office

Procurement Policy Note – National Procurement Policy Statement

Action Note PPN 05/21

June 2021

Issue

1. This Procurement Policy Note (PPN) sets out information and guidance for contracting authorities on the National Procurement Policy Statement (NPPS) which will require contracting authorities to have regard to national strategic priorities for public procurement.

Dissemination and Scope

2. The contents of this PPN apply to all contracting authorities as defined in section 39(3) and (4) of the Small Business Enterprise and Employment Act 2015 and whose functions are wholly or mainly reserved. This includes central government departments, executive agencies, non-departmental public bodies, local authorities, NHS bodies and the wider public sector. Together these are referred to in this PPN as ‘contracting authorities’.

3. Please circulate this PPN across your organisation and to other relevant organisations that you are responsible for, drawing it to the specific attention of those with a commercial and finance role.

Timing

4. This PPN is effective from the date of publication.

Action

5. All contracting authorities should familiarise themselves with the contents of the National Procurement Policy Statement

6. 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.

7. All contracting authorities should consider whether they have the right policies and processes in place to manage the key stages of commercial delivery identified in this statement where they are relevant to their procurement portfolio.

8. 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.

Background

9. The Government is developing major legislative reforms for public procurement (set out in its Green Paper on Transforming Public Procurement) which will deliver a new regulatory regime that better meets the needs of the UK. All contracting authorities need to prepare now to ensure they have the right procurement capability and capacity so they can benefit from these changes.

10. Public procurement should be leveraged to support priority national and local outcomes for the public benefit. The Statement sets out the national priorities that all contracting authorities should have regard to in their procurement where it is relevant to the subject matter of the contract and it is proportionate to do so. Contracting authorities should consider the following social value outcomes alongside any additional local priorities:

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

11. Contracting authorities should have processes and governance in place to determine and manage their most important contracts. Typically, the greater the complexity, cost and risk, the more important a project or programme will be and the more robust and rigorous a process is required to successfully set up, procure and manage contracts relating to it.

12. Contracting authorities should consider the procurement and contract management capability across their organisation. Contracting authorities should consider benchmarking themselves annually against relevant commercial and procurement operating standards and other comparable organisations. Benchmarking can play an important role in informing contracting authorities' assessment of whether they have the appropriate procurement skills and capability to deliver value for money and benefit from future reforms to the public procurement regulations.

13. The Government intends to bring forward legislation when Parliamentary time allows to ensure that:

- all contracting authorities are required to have regard to the National Procurement Policy Statement when undertaking procurements;
- contracting authorities with an annual spend of £200m or more are required from April 2022 to publish procurement pipelines and to benchmark their procurement capability;
- contracting authorities with an annual spend of £100m or more are required from April 2023 to publish procurement pipelines and to benchmark their procurement capability.

Contact

14. Further guidance on the National Procurement Policy Statement is available on GOV.UK.

15. Enquiries about this PPN should be directed to the Crown Commercial Service Helpdesk on info@crowncommercial.gov.uk.