

A row of red hard hats, slightly out of focus, receding into the distance against a white background. The hats are arranged in a diagonal line from the bottom left towards the top right.

**LHC**

# Procurement Regulations: Why and How?

Tim Oakley, Head of Consultancy

# Why?

---

Whether or not Great Britain has

seceded from

or

remains within

The EU



## Why?

---

It has been estimated that

14%

of GDP across Europe  
and

20%

of UK GDP

is spent on Public Procurement

**Why?**

---

**It seems reasonable to use that  
expenditure wisely to obtain  
benefits for businesses and  
communities alike**

**Which is the basis of  
Public Procurement  
Regulation**

Why?

---

## The Basis of European Procurement Regulation



*In front of these magnificent frescos*

**The Treaty of Rome 25 March 1957**

Palazzo dei Conservatori

Why?

---

## The Basis of European Procurement Regulation



End of the war between Rome and Alba Longa 642 BC  
Battle to the death between the Horatii and Curatii triplets.

## The Treaty of Rome 25 March 1957

Palazzo dei Conservatori



Why?

---

## The Basis of European Procurement Regulation



**The Treaty of Rome 25 March 1957**

Palazzo dei Conservatori

## The Four Freedoms

---

### ➤ Free movement of:

- Goods
- Capital
- Services
- People

### ➤ Prohibited trade barriers across EU states

and ....



## Regulate Public Undertakings

---

### Regulated Public Undertakings

➤ Directives introduced in 60s, 70s and 80s largely ineffective:

- Prohibitive
- Non-regulatory
- No rules

to address this ....

## Regulate Public Undertakings

---

### ➤ Directive 2004/18 "Public Sector Directive"

- did set out common rules
- did replace national regulations

### ➤ Public Contracts Regulations 2006

### ➤ Directive 2007/66 "Remedies"

### ➤ Public Contracts Regulations 2009

- Severe financial penalties

## Regulate Public Undertakings

---

### Public Procurement was to be:

- Open
- Fair
- Transparent
- Non-discriminatory

### However, it was also:

- Long-winded
- Complicated
- Litigious
- Anti-SME
- Anti- local

to address this ....

# Regulate Public Undertakings

---

## ➤ CONSULTATION

- To which UK Government contributed
- Led to ...

## ➤ Directive 2014/24 Public Procurement

- and ...

## ➤ Public Contracts Regulations 2015

## Regulate Public Undertakings

---

### Public Procurement is still:

- Open
- Fair
- Transparent
- Non-discriminatory

*and*

- Proportionate

### However, it is also:

- Less long-winded
- Less complicated
- Possibly less litigious
- Pro-SME
- Pro-local

## How Less Long-winded?

---

### ➤ Reducing Timescales

### ➤ Unfortunately

- Longer document - 127 pages (+39)
- More regulations – 114 (+70)
  - Writing in case law
  - Writing in Remedies
  - Below threshold regime
  - Early payment

## How Less Complicated?

---

### ➤ More explanation

- Writing in case law
- Writing in Remedies



## How Less Litigious?

---

### ➤ More explanation

- Writing in case law
- Writing in Remedies
- Greater clarification

## How Pro-SME?

---

### ➤ Encouraging SMEs by

- Reducing 'red tape'
- Breaking down contracts into Lots
- Introducing 30 day payment terms
- Abandoning PQQ's for lower threshold procurements
- Greater competition and greater savings, without compromising quality.

## How Pro-Local?

---

### ➤ **Allowing Community Benefits:**

Include social, ethical and environmental objectives in specifications, contract conditions and award criteria

Public procurement can now unlock Added **£**Social Value

- Apprenticeships
- Local employment
- Training
- Community services
- Community facilities

(Take care that the cost of complying with requirements isn't merely fed back to customer.)

## Improving Procurement Practices: What else?

---

### ➤ **Below EU Threshold Procurements:**

- Above £50,000 for goods and services above £2m works
- New lighter non-PQQ regime for below threshold contracts

### ➤ **Use of Centralised Purchasing Bodies:**

- Use pre-tendered frameworks
- Greater collaboration, with benefits of cost and resource efficiencies
- Use other purchasing activities

## Compliance: Who is required to use the Regulations?

---

### ➤ “Contracting authorities”:

- State authorities (Central Government)
- Regional or local authorities (Counties, Boroughs and Parish)
- Bodies governed by public law (Police, Fire, Universities, Schools, NHS etc.)
- Housing Associations (RSLs, RPs)
- Associations formed by one or more such authorities or bodies (Collaborations, LHC, LCP)
  
- (does not include “Her Majesty in her private capacity”)

**Greater competition**

**Greater savings**

**Greater Community Benefit**

**No compromising on quality**

## Public Contract Regulations 2015

---





# LHC

A row of five red hard hats is shown, receding from the foreground into the background. The hats are glossy and arranged in a perspective line against a white background.

Questions?

[Cabinet Office Guidance](#)

Trusted procurement for  
better buildings and homes