

# New plans set out to transform procurement, providing more value for money and benefitting small business

- Green paper will set out long-planned changes to UK's procurement rules, putting value for money and transparency at the heart of the new approach
- Plans will cut red tape, reduce bureaucracy and help unleash wider social benefits from public money spent on procurement
- New rules for lower value contracts will allow more UK based SMEs to win government business

The measures, which have been developed over the last 14 months by a team of specialists in international procurement and set out in a green paper, take advantage of new powers now that we have left the European Union.

Every year, the government buys some £292 billion of services from the private sector. Today's measures will transform the current procurement regime to put value for money at the heart of the new approach, by allowing more flexibility for buyers, enabling government to be more strategic and save the taxpayer money. This will also drive increased competition through much simpler procurement procedures.

The changes will make UK procurement rules more modern, flexible, innovative and diverse, by allowing government to consider wider social value when picking suppliers. This will ensure that taxpayers money goes further and has more of a wider benefit for society.

Cabinet Office Minister, Lord Agnew, said:

The measures outlined today will transform the current outdated system with new rules, providing flexibility to the public sector and less burden on business.

These long standing plans have been developed with international procurement specialists and will help unleash innovation across the country and provide a fairer system for small businesses.

In another new move, also published today, the government will allow the public sector to buy British for contracts not subject to international trade rules, by allowing competitions for government contracts under £4.7 million for public works and £122k for goods and services to be limited to small businesses, voluntary, community and social enterprises, or to a certain geographical area. These new rules will support SMEs by opening up new opportunities to them and making it easier for them to win contracts, in turn helping to drive local growth, promote innovation, support local recruitment and level up communities across the UK.

Specific changes to the rules proposed today include:

- Removing over 300 complex regulations, to create a single uniform rulebook
- Overhauling inflexible and complex procedures, replacing them with three simple modern procedures. This will allow more freedom for suppliers and the public sector to work together and innovate
- Allowing buyers to include wider social benefits of the supplier, such as economic, social and environmental factors, when assessing who to award a contract to, while also still considering value for money
- Giving buyers the power to properly take account of a bidder's past performance, allowing them to exclude suppliers who have failed to deliver in the past
- A new unit to oversee public procurement with powers to improve commercial skills of public sector contractors
- A single digital platform for registering contracts, improving transparency and making life significantly simpler for business

The plans will also make procurement more transparent and effective during times of crisis where government needs to act quickly to ensure vital goods and services are bought. Throughout the COVID pandemic, the UK, along with many other countries internationally, has relied on direct awards to ensure that vital supplies, such as life-saving PPE, have been bought quickly and to high standards.

The new measures will bring more competition into this process, by changing the rules to encourage more competitive buying in a quick time frame. This will allow for multiple companies to bid for emergency work, without slowing the process down in times of emergency.

Gavin Hayman, Executive Director of the Open Contracting Partnership says:

This is a unique opportunity to make sure public money is spent wisely.

We've all seen how old school procurement has struggled during the pandemic. These proposals will digitize and transform how contracts are planned, awarded and delivered in the UK with open data and public transparency at their heart.

Done properly, the proposals will save huge amounts of time and money for both government and business, and deliver smarter public services to us all.

The future is open.

While suppliers of all sizes will benefit from the changes, SMEs, who feel the effect of long, bureaucratic and costly processes more, will benefit in particular. One tangible example of this is providing registration information on a 'tell us once' basis, which will help small firms by saving them time and resources.

Elizabeth Vega, Group Chief Executive of Informed Solutions and member of Cabinet Office's Procurement Transformation and Advisory Panel said:

I have experienced first-hand how difficult it can be under current procurement rules for SMEs bidding for public sector contracts, whether because of closed framework agreements locking them out of future opportunities, or complex procedures making it expensive to bid or difficult to offer innovative solutions.

That's why I was keen to be part of Cabinet Office's Procurement Transformation Advisory Panel because it was an unprecedented opportunity to generate radical ideas for procurement reform. I am confident that the proposals set out here have withstood significant challenge from a diversity of viewpoints and expert opinions. Our aim as Panel members has been to focus on simplification, increased transparency, removing unnecessary barriers to public sector opportunities for competent suppliers, and delivering improved value for money.

As a long-time champion for SMEs, these reforms will result in more SMEs being able to access public sector contracts, and ultimately put in place a new procurement framework that delivers better value for taxpayers and greater benefits for society.

The green paper will also bring forward extra measures on transparency, meaning taxpayers will be better informed about how their money is spent, as well as the ability to exclude poorly performing companies from winning valuable contracts and preventing spurious legal challenges from unsuccessful bidders, which all too often delay public sector projects and lead to spiralling costs.

Awarding authorities will also be encouraged to consider how public contracts can support social or environmental issues or promote local communities, small businesses and charities. The rules will also provide more flexibility to allow contractors to take account of wider government priorities and support work to build back better from the pandemic.

When public bodies are considering how social value benefits can be delivered through their contracts, the new rules will make it possible for them to consider full value to society and not just the public body undertaking the procurement. This means more, wider opportunities to deliver social value through public contracts.

The green paper is available here [Transforming public procurement green paper](#) (PDF, 509KB, 82 pages)

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Prime Minister Boris Johnson will travel to India in January 2021 to strengthen a key strategic relationship which supports jobs and investment across the UK.

This will be the Prime Minister's first major bilateral visit since taking office, and the first since our departure from the EU, and underlines his commitment to step up the UK's engagement with the Indo-Pacific region.

The trip in January will kick off a significant year for Global Britain on the world stage. In 2021, the UK will host both the G7 Leaders' Meeting and COP26 Summits, as well as a global education conference aimed at getting girls into school, and an event to mark the first meeting of the UN General Assembly in London in 1946.

The Prime Minister has written to Prime Minister Modi to accept his invitation, and to invite India to attend the UK's G7 Summit as one of three guest nations alongside South Korea and Australia – delivering the Prime Minister's ambition to work with a group of like-minded democracies to advance shared interests and tackle common challenges.

The Prime Minister will use his visit to India to boost our cooperation in areas that matter to the UK and that will be priorities for our international engagement throughout 2021 – from trade and investment, to defence and security, and health and climate change.

The UK and India are significant investors and markets for each other's economies and our growing trade and investment relationship is worth around £24 billion a year, supporting more than half a million jobs.

There are 842 Indian companies in the UK with a combined turnover of £41.2 billion, creating jobs in all four corners of the United Kingdom.

That includes 19,500 people employed by Tata Consulting Services at sites including Peterborough, Liverpool, and Edinburgh; around 5,700 people in Warrington, Derby, Cardiff, Derry/Londonderry and Belfast working for business support firm Firstsource Solutions – which is soon to open a new

office in Middlesbrough; and 1,200 people employed by Accord Healthcare Ltd in Newcastle and Barnstaple to manufacture and supply medicines to the NHS.

Prime Minister Boris Johnson said:

I am absolutely delighted to be visiting India next year at the start of an exciting year for Global Britain, and look forward to delivering the quantum leap in our bilateral relationship that Prime Minister Modi and I have pledged to achieve.

As a key player in the Indo-Pacific region, India is an increasingly indispensable partner for the United Kingdom as we work to boost jobs and growth, confront shared threats to our security and protect our planet.

As the 'pharmacy of the world' India supplies more than 50% of the world's vaccines, with over a billion doses of the UK's Oxford/AstraZeneca vaccine being manufactured at India's Serum Institute in Pune.

Our countries have cooperated closely throughout the coronavirus outbreak to maintain the flow of medical goods for our citizens. The UK has received 11 million face masks and 3 million packets of paracetamol from India during the pandemic, and we continue to work together to keep vital supply chains open.

There are more than 400 British companies in India, including those at the forefront of our collaboration to tackle climate change. Our partnership is creating jobs and opportunities for UK firms in areas such as renewable energy and electric vehicles, as our countries work together to reduce global emissions ahead of next year's COP26 Summit in Glasgow.

During the visit, the Prime Minister will be only the second British leader since Indian independence to attend India's annual Republic Day parade in New Delhi as Guest of Honour, after John Major in 1993.

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## **WTO Trade Negotiations Committee: UK statement**

Thank you, Chair.

Chair, this discussion comes at the end of an exceptionally challenging year.

We still have a long way to go to defeat Covid-19, and there remain other threats to our collective prosperity and wellbeing.

The WTO has a crucial role to play and we must re-commit ourselves to

delivering real progress. We need to cement the WTO's role as a forward-looking Organization able to deliver for 21st century enterprises and citizens, and able to deliver collective solutions to global problems – from the impact of the pandemic, to the enduring challenge of climate change.

Last month, the UK was pleased to co-sponsor the call for establishing an enhanced dialogue on trade and environment at the WTO. As host of COP-26, the UK is proud to take a leading role in tackling climate change. Working together, we can find ways to mitigate climate change, to protect our forests and oceans, and conserve biodiversity while promoting trade and economic development.

We are therefore exceedingly disappointed that, as we reach the end of 2020, we have not reached an agreement on disciplining harmful fisheries subsidies. As others have said, we have missed the deadline set by leaders under the SDGs.

The UK remains committed to the mandate and it will be essential that we return to our work next January with a sense of urgency, and with a willingness to find compromises to reach an outcome that is both meaningful and fair.

We remain optimistic that by maintaining our ambitious schedule of monthly clusters and with the dedicated leadership of Ambassador Wills, we can reach an outcome that will support a sustainable future for our oceans and for fishing communities around the world.

Chair, on a more positive note, the UK warmly welcomes the adoption of the MSMEs package, as a major milestone towards better integrating small businesses into global trade. We would like to put on record our thanks to Ambassador Cancela of Uruguay for his effective coordination of the group, culminating in the successful outcome last week.

This is an important file: 99.9% of all British businesses are MSMEs. We look forward to remaining an active participant in the work of the group going forward, including through our TAF2 project.

Making progress on the Joint Initiative on e-Commerce remains a priority for the UK. We have seen an acceleration of the use of technology this year, and services, digital and data trade continues to grow. The UK submitted its own written text proposals in November, including on the cross-border transfer of information, on the location of computing facilities and on source code. The new consolidated negotiating text marks an important milestone in achieving our shared aim of delivering an outcome that benefits developed, developing and least-developed members.

We also welcome progress being made by the Joint Initiatives on Investment Facilitation for Development and Services Domestic Regulation. Trade, and the investment it brings, delivers jobs, better living standards, and higher wages at home. We have been working closely with other Members of the Initiative on Services Domestic Regulation, with the aim of finalising the draft Reference Paper by the end of the year.

To close Chair, I wanted to reiterate the importance of restoring a fully functioning dispute settlement system. Therefore, we look forward to continuing work with all Members, as well as the next WTO Director-General, to ensure that we do not become accustomed to the current impasse.

Thank you, Mr Chair and good evening everyone.

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## [LoveHolidays to refund over £18 million for cancelled holidays](#)

The Competition and Markets Authority (CMA) has been investigating LoveHolidays after receiving hundreds of complaints that people were still awaiting refunds.

When customers contacted LoveHolidays to request a refund for a cancelled holiday, they were told they would only receive money back for their flights once the firm had received refunds from the respective airlines.

Under the Package Travel Regulations, online travel agents are legally bound to refund customers for package holidays cancelled due to coronavirus, regardless of whether or not the agent has received money back from suppliers, for example airlines.

Following CMA intervention, LoveHolidays has now signed formal commitments – known as undertakings – that ensure these customers receive all their money back.

In total, over £18 million will be refunded to 44,000 LoveHolidays customers. Of this, so far £7m has been refunded to 20,000 customers.

Having carefully reviewed LoveHolidays' financial information, and how quickly it can realistically repay customers, the CMA has accepted LoveHolidays' commitment to repay these customers in full by March 2021 at the latest. Insisting on earlier repayment would result in LoveHolidays dipping below its regulatory obligations.

In order for customers to receive their money back as quickly as possible, refunds will be made in two parts, for example:

Refunds for the cost of hotel accommodation and transfers:

- by 31 December 2020: customers will receive refunds for holidays cancelled before 1 November 2020
- cancellations from 1 January 2021: customers will receive refunds within

14 days of the holiday being cancelled

Refunds for the cost of flights:

- by 28 February 2021: customers will receive refunds for holidays cancelled before 24 August 2020
- by 31 March 2021: customers will receive refunds for holidays cancelled between 24 August and 31 October 2020

Further details of the relevant payment dates can be found on the [CMA's package travel webpage](#).

To ensure that LoveHolidays adheres to its commitments, the company must provide the CMA with regular reports on the progress of its repayments.

If the firm fails to repay customers by these dates, the CMA is prepared to take the company to court.

Andrea Coscelli, Chief Executive of the CMA, said:

"Travel agents have a legal responsibility to make prompt refunds to customers whose holidays have been cancelled due to coronavirus.

"Our action today means that LoveHoliday's customers now have certainty over when they will receive their money back and they will receive this without undue delay.

"We are continuing to investigate package travel firms and where we find evidence that businesses are breaching consumer law, we will not hesitate to take enforcement action to protect consumers."

Today's announcement follows significant action by the CMA in relation to holiday cancellations. It has [written to over 100 package holiday firms to remind them of their obligations to comply with consumer protection law](#), and has already secured refund commitments from [Lastminute.com](#), [Virgin Holidays](#), [TUI UK](#), [Sykes Cottages](#) and [Vacation Rentals](#).

In order to help businesses to understand their legal obligations with regard to consumer protection law, the [CMA published a statement on its view of how the law relates to cancellations and refunds due to coronavirus](#).

Further information on this case can be found on the [COVID-19 cancellations: package holidays web page](#).