

The Procurement Act 2023: What is it and how to prepare

The Procurement Act 2023 comes into force in Spring 2025, bringing with it changes to how the public sector procures goods and services. This briefing from the VCFSE Commissioning and Investment Group outlines the main changes that we expect to see; provides links to more detailed briefings and training; and highlights actions that VCFSE sector organisations can take now and in the near future, to prepare for the Act coming into effect.

What is the Procurement Act 2023?

- The '[Procurement Act 2023](#)' brings in a new set of regulations which will change how public procurement is carried out.
- The aim is to improve the way supplies, services and works are procured by the public sector.
- The new Regulations were due to apply from October 2024, but the start date has now been postponed until 24 February 2025 .
- The Act applies to central Government and its arms length organisations; Local Authorities; NHS Trusts, many schools and universities; some Housing Associations and some health bodies.

The main changes that may affect the VCSE Sector

1. A **duty to consider SMEs and VCSE** participation in procurement to make them more accessible:
 - Proportionate requirements e.g., removing the requirement to have insurance before the tender is awarded; and considering alternatives to audited accounts in some instances
 - Engaging diverse suppliers in pre-market activity
 - Realistic tender response times
2. **Prompt payment** for organisations in supply chains
3. Contracts awarded on basis of **most advantageous tender (MAT)** instead of most economically advantageous tender – considering maximising public benefit, as well as value for money
4. **Central digital platform** to register and store information for multiple bids and see opportunities available in one place
5. **Simplified bidding processes** making it easier to bid, negotiate and work in partnership with the public sector
6. More consistent **feedback** following a procurement exercise
7. Ability to **Direct Award** in extreme emergency, and in some instances of social care provision, has been clarified.
8. **Greater transparency** around policies and decisions, including publishing procedures in advance

9. More **flexible procurement procedures**:

- Open Procedure has been retained for more straight forward procurement
- **Competitive Flexible Procedure** has been introduced to enable processes to be more accessible – this includes allowing prototype and testing phases; being able to demonstrate capability through presentations or site visits; and single procurements that span development and deployment

10. **Dynamic Markets** introduced – creating a list of qualified suppliers eligible to participate in future procurement (similar to Dynamic Purchasing):

- Apply at any time
- Simpler process than tendering for a contract
- Particularly helpful when you want to offer new/ innovative solutions

11. New **Open Framework** option that allows:

- Greater flexibility to appoint new suppliers;
- More opportunities to join the framework throughout the term;
- 8 year maximum terms (increased from 4 for some areas)

12. Previous **below-threshold procurement** rules have been retained that allow procedures proportionate to the value and complexity of the purchase.

Key tips and how you can prepare

- Consider how your organisation can contribute to national and local procurement priorities and Social Value objectives (e.g., job creation, upskilling of the workforce and net carbon zero) in preparation for future opportunities
- Register for the new digital platform and upload and keep your key business information for future use
- Check the central digital platform to see when relevant existing Frameworks may re-open to new entrants – when signed up, the lead buyer and other pre-advertised organisations can purchase goods and services from your organisation
- Set up custom alerts for new opportunities that might interest you (via the central digital platform)
- Apply to join relevant Dynamic Markets as soon as these become available, so that you don't miss out on future opportunities (advertised on the central digital platform)
- Watch out for preliminary market engagement notices – these are your opportunity shape the procedure; find out more about the requirements; and explore opportunities for innovation. (advertised on the central digital platform).

Useful resources

- Government-produced [short guide](#) to the benefits of the new Procurement Act 2023 for providers
- Government-produced [Video/animation](#) for Small and Medium-Sized Enterprises (SME's) and Voluntary and Community Sector Enterprises (VCSE's)
- Government-produced [Knowledge Drops](#) for suppliers and SME's/VCSE's , giving a high-level overview of the changes to the regulations.