EAST MIDLANDS INVESTMENT ZONE SPRINT

Engaging Supply Chain SMEs in the Housing Industry’s Procurement Process

The Perceived Problem

The East Midlands has new Combined Authority status, currently defined as including only two of the East Midland's six counties, Nottinghamshire and Derbyshire, but with the potential to grow. England now has 14 combined authorities, and ours, with a population of around 2.2million is averagely sized, centrally located, but lacking the monocentric urban structure that defines many of our 'competitors'. Inward investment is key to growing a regional economy, and in that respect, we are in competition with our neighbours as we try to promote 'green technologies and advanced manufacturing' as our chosen themes. But the Organisation for Economic Co-operation and Development (OECD) and UK government reports (e.g. BEIS, DLUHC) often indicate that over 80% of regional economic growth comes from the expansion and productivity gains of existing businesses, and less than 20% from new inward investors.

If we decide therefore to make better use of what we already have as a major component of our strategic plan for growth, we need to be honest about what our workforce consists of, which is a disproportionately high number of SMEs distributed across our two counties, largely in rural and small town settings. In the UK as a whole, approximately 60% of the workforce is employed through SMEs, but SMEs can employ up to 250 people, so account for over 97% of all businesses. It is our disproportionately high number of micro SMEs, with under 25 employees that makes for a large number of individuals who need to be engaged with to reach over half our working population. In our expansive rural areas, that proportion of SMEs is even higher at around 70% so this is not an issue we can afford to ignore. (Appendix i)

The evidence is there to suggest that engaging with our SMEs needs to form a critical part of any regional growth strategy or our ability to enact any changes in how we operate as a Combined Authority through our new devolved powers. The evidence is also there to back up the term often used to describe SMEs – hard to reach. At a very basic level this should not be unexpected, as there are many of them and they are, by definition, small, and focused on more immediate concerns than helping governments to enact their latest policy decisions. But it is also true that influencing 500 people through one conversation is far more appealing proposition than influencing 5 people at a time through a hundred conversations, which explains why policy enactment tends to gravitate towards, and favour, big business.

It is also why, especially within the fragmented and adversarial construction industry that this trial focuses on, the enactment of government policies rarely seems to have the impact expected or desired. The easy follow-on to taking the easy path of engaging only with tier one businesses, is to depict the whole construction industry as a 'difficult child' that refuses to be helped, whereas the reality is that with over half the industry not involved in the decisions being made on their behalf, it is perhaps unsurprising that SMEs fail to see the benefit to them in making the changes to their working practices asked of them. This is now an accepted point of view, and one that has influenced the new Procurement Act 2023, launched this March in an attempt to level the playing field for SMEs by promoting the benefits of procuring more directly from smaller suppliers. But it also aims to reduce 'red tape' by making many of its recommendations to procurers voluntary and therefore less enforceable. As a Combined Authority however, we have an opportunity to improve on this to our regional advantage.

The Proposal

The fundamental aim of this feasibility study was to gather empirical evidence of the barriers to engagement encountered by SMEs trying to bid for public sector projects, and to use that knowledge to inform how we could develop a platform that would help us make better use of our existing talent to grow our regional economy.

The evidence was needed to back up what had already been surmised from previous research by those involved in the project, from personal experience, from work carried out for the CIH (Construction Innovation Hub) and from anecdotal evidence from other sources in the sector. The danger, and one that the team were well aware of from the outset, was one of 'second guessing' the SME sector's issues in the absence of first-hand knowledge. The temptation to do so, was nevertheless difficult to resist, especially when that evidence was so hard to extract.

The aim was to focus this study on the construction sector, and to focus that within the Bolsover district, with a view to then extending the study in a later phase to cover all industry sectors and the whole of the EMCCA region of Nottinghamshire and Derbyshire. With only a three month window, this was already a challenging proposition, but by combining efforts with Bolsover's existing NZIP (Net Zero Innovation Programme), aimed at helping businesses retrofit their premises to reduce their costs and carbon footprints, we hoped to reach a good cross section of SMEs either working within or supplying the construction sector.

The feedback was then to be used to develop a way to help SMEs engage with the procurement process and break down the barriers as they perceived them. But that alone would not have been enough to bring about the change that the new Procurement Act 2023 had set out to achieve. The details of this are discussed later, but requesting that procurers should procure more from SMEs without addressing the reasons why they currently do not, was never likely to bring about any meaningful change, especially if it were not set out as a statutory obligation for them to do so. The research carried out therefore had to also involve the procurers in a bid to understand what it was that they needed SMEs to do to make them a more appealing proposition.

There was however a third party that had to be considered for this proposal to have credibility. The SMEs needed to be reached and a way found to engage them, the procurers needed to be convinced of the benefits to be had from using SMEs to fulfil their contracts, but the catalyst for change also has to be there in the form of either carrots – incentives, or sticks – legislation before any transition can be seen as 'worth the effort'. In the absence of any strong, mandatory legislation driving this agenda, the incentives for both parties to engage have to be compelling.

EMCCA has new devolved powers and it has a budget, but its real strength lies in how it can mobilise regional businesses to see the benefit of 'regional on-shoring' and growing our regional economy by procuring more locally. By endorsing a campaign to bring our procurement back into our own region, a virtuous circle can be set in motion that, with public support, will drive business and income back into the East Midlands. (Appendix ii)

The Approach

To get that level of endorsement from EMCCA requires there to be a business model that will ensure that their investment will be limited to setting up a platform to encourage engagement with no commitment beyond that. No funded project should be without a means for supporting itself going forwards, but all too often the longevity of projects is not considered at the outset and, as a consequence, they are short lived and ineffective.

The business model for this platform is key to how it will operate as well as how it will be funded, and involves the many industry bodies who support and advise SMEs across multiple sectors. In this pilot project, just the industry bodies supporting the construction sector have been approached with this mutually beneficial proposition:

SMEs are hard to reach because there are so many of them and they are small, but also – as the generalisation goes - because they have more immediate priorities and less cash reserves than larger companies, making them reluctant to engage with longer term strategies for growth. This much is as likely to be true as it is as unlikely to change, so an approach is needed that accepts this reality and works within its constraints.

The approach being proposed is one that reaches these SMEs through the many industry bodies that support them, on the assumption that most, if not all SMEs, are affiliated to at least one membership body, either through a trade organisation, a professional Institution, regulatory or advisory body or some support mechanism that they pay an annual fee to. The business model involves these industry bodies paying a nominal percentage of their membership fees to help maintain a central web-based signposting service that SMEs can only access through their membership organisation's site. In return for this, they get to provide a useful service to their members, and they get traffic directed to their sites to gain access to this resource and sometimes even take out a new membership for that privilege.

The benefit to us, beyond these industry bodies allowing us to reach far more SMEs than we could directly, is that we can filter the information provided to SMEs via the central resource and ensure its relevance based upon the route they entered through.

The feedback needed now therefore, is around what information this resource would need to contain for SMEs to make it easier for them to engage with the procurement process and equally what could we do through this site to make SMEs a more appealing proposition for procures to consider them for their projects. (Appendix iii)

That feedback was initially expected to come through workshops and focus groups, but due to the very problem this project sets out to overcome, SME engagement with this has proven to be impossible in the numbers needed to gather reliable statistical evidence. Questionnaires were therefore used as a substitute and sent out to SMEs through supporting industry bodies that we had already explained the business model to. What was still missing however, to give the project credibility in the eyes of a jaded industry, tired of new initiatives and in need of some assurance before investing any time - even to fill out a questionnaire, was endorsement from our Combined Authority.

The Research Team

Holistic approaches require teams with a breadth of knowledge and experience. Simple-to-explain projects with clear, predefined outcomes are unlikely to deliver meaningful change, as the problems we are facing are complex, interrelated and often entrenched, requiring equally complex interrelated approaches to unpick them.

This multidisciplinary team draws on knowledge from the construction industry, relational database development, sustainability, behavioural change, business development and Systems Thinking. Most of us also straddle industry and academia and have personal experience of the problems we are trying to solve, but also an awareness of the regulatory framework that exists and its direction of travel.

- Dr Mike Siebert, Visiting Fellow, School of Architecture Design and the Built Environment
- Dr Emmanuel Manu, Associate Professor, Construction Management (CON)
- Dr Rachel Macrorie, Research Fellow, School of Architecture Design and the Built Environment
- Dr Sonnich Sonnichsen, Associate Professor, Management (SMI)
- Dr Zeng Fan, Research Fellow, Management (SMI)
- Dr Rose Deakin, Carbon Management Consultant, Nottingham Business School (NBS)

Prior knowledge

The solution being proposed here builds off previous research carried out independently by different members of the team in recent years. A combined understanding of SME's, the housing industry, database development and the procurement process has resulted in a platform for knowledge transfer that works for all the parties involved from EMCCA down to the smallest micro SMEs.

The need for mutual benefit

Work carried out by Dr Mike Siebert as part of the Construction Innovation Hub's 'Transforming Construction Challenge' culminated in a theoretical approach that recognised the need for a two-way street of information between procurer and supplier to be established around mutual benefit, with a business model in place to support it. The key barriers to engaging with the procurement process outlined by SMEs are covered in Appendix iv:

The need for aggregated capabilities

Work at CBIT had at the same time developed a programme that allowed for the aggregation of SMEs' capabilities that would make them a more appealing prospect for procurers. An earlier version of the model has been trialled before and now needs further development based on the evidence gathered and populating with the definitions used to categorise the construction industry's supply chain needs. (Appendix xiii)

The need for procurement reform

Additional knowledge of the procurement process from Dr Emmanual Manu's PhD research has helped inform the ways in which the industry has developed over the decades and how the Procurement Act's failings can be addressed in a regional context (Appendix v)

The need for inclusive growth

Claire Ward's call for inclusive growth is a recognition of the need for us to make better use of our SME skills base and ensure that growth is not limited to our cities, hubs and clusters. The term 'Network Economy' better describes the growth model that we need to see in the East Midlands. Dr Rachel Macrorie has been studying the housing sector and its need to find an alternative business model that will both support off site manufacturing and increase our ability to meet a growing demand for housing (Appendix vi)

The Procurement Act 2023

The Procurement Act was passed in October 2023 but the Act's implementation was postponed by the current Labour government and only came into force in February this year. Its key objectives were to streamline the procurement process by stripping out over 350 EU-mandated rules, reducing bureaucracy, simplifying access, improving transparency, and prioritising social value, but essentially it aimed to level the playing field for SMEs and social enterprises.

To this end, it has introduced new mechanisms like standardized documentation, open tender frameworks, and central digital platforms such as the Find a Tender Service (FTS), accessed through the gov.uk website.

It has also attempted to strengthen SME inclusion through measures like reserved contracts, breaking contracts into smaller lots, shorter payment terms (30 days), and the introduction of spend targets with SMEs/VCSEs (Voluntary, Community and Social Enterprises).

One of the incidental outcomes of this which has coincided with the formation of the East Midlands' Combined Authority, is the benefits the Act brings for regional and local growth, with authorities now better able to work directly with their many local SMEs to achieve greater regional economic impact – in theory.

As is often the case, however, there is scepticism on all sides, but especially from the SMEs who see this as yet another change that carries an administrative burden for potentially little gain because of the voluntary nature of the measures being introduced. In addition to this there was a flurry of new framework agreements announced prior to the Act's launch ensuring that the new requirements were postponed in many cases for another 4 years, all of which means that SMEs are not meeting this opportunity with the enthusiasm expected.

A second consultation was then set up that ran until September 2025 asking for feedback in how this Act has been received with a view to revisiting some of its measures. In the meantime, this project aims to build off the positives and find ways in which SMEs can be encouraged to take advantage of the Act's attempts to bring clarity and simplicity to what has been an opaque and complex process for too long. (Appendix vii)

Project Realities

The aims of the project have not changed, but the methods for achieving those aims have had to evolve in the face of problems encountered:

Poor response from SMEs invited to attend workshops

Getting SMEs to engage with a programme such as this was always going to be difficult for all the reasons already known and central to the need for this project. It was soon realised this was not going to be a successful way to get the feedback required.

Failure to combine efforts with NZIP programme of workshops

An extension was therefore requested so that the project could align with the NZIP workshops and events being held in the same district, but two of the three workshops were cancelled due to low numbers and the third only had two participants turn up, despite these workshops paying out £300 for attending, only providing further evidence of the need to find more enticing ways to engage this sector of the workforce.

Low response to questionnaires sent out to SMEs

Questionnaires were then written and sent out to named SMEs together with a version for Procurers, but with an equally poor success rate. These were then sent out through the participating Industry bodies to their members and through the four local authorities as procurers resulting in a total of 34 responses so far and rising, but still not enough to count as quantitative data.

Slow response to request for EMCCA to endorse project to provide greater credibility

Requests to EMCCA to endorse the project were made on the basis that response levels would be far greater if it were seen to be supported at a political level as part of a campaign to grow our regional economy. This has now been received but not in time for the project's deadlines.

Delays pushing the project into the holiday season

The collective impact of these delays has been to push the project into July and August when the research team have had holidays booked, resulting in further delays and exacerbated by our main programmer being on paternity leave for a month.

None of these were seen as insurmountable problems, and the funding deadline has not prevented the project from continuing until it is felt enough evidence has been gathered to take this forwards.

The Revised Plan

Throughout this project the approach taken has had to adapt to circumstances but also to the knowledge gained through the conversations had with those SMEs, procurers and industry bodies that have been involved. The platform now being developed reflects these exchanges and the feedback received about the demonstrators used to show the approach being taken.

The platform itself has been honed, and now exists in a form that can be used to demonstrate the process to a wider audience together with a user manual and video explaining how to engage with it. It is the need to get that support from a wider audience than just the SMEs this was initially being marketed to that has changed the focus of this feasibility study:

- The workshops aimed solely at SMEs were replaced by questionnaires
- The SME questionnaire was then adapted to create a version for procurers to get their feedback
- The Powerpoint presentations developed to explain the benefits to both the SMEs and the Procurers was then extended to include a version for the Industry Bodies and a fourth for EMCCA. (Appendix viii)

The functionality of the platform can currently be demonstrated in its component parts:

- The way in which SMEs gain access to the signposting site via their membership body and then from there to the appropriate sites holding the information being sought.
- The business model incorporating the Industry Body entry points and how they have been categorised by their supporting roles
- The questionnaire used to filter the information provided to the SMEs on arrival at the signposting site and also inform the aggregation process
- The aggregation of capabilities carried out behind the scenes to create collaborative bid suggestions for SMEs and procurers to work with.

The next step of bringing this all together as a fully functioning site is beyond the scope of this project. That requires further programming and web development, and for the many in-principle agreements made with the Industry Bodies to be advanced through contractual agreements, which are dependent on there being a commitment from EMCCA to support the process as part of a broader strategy of inclusive growth.

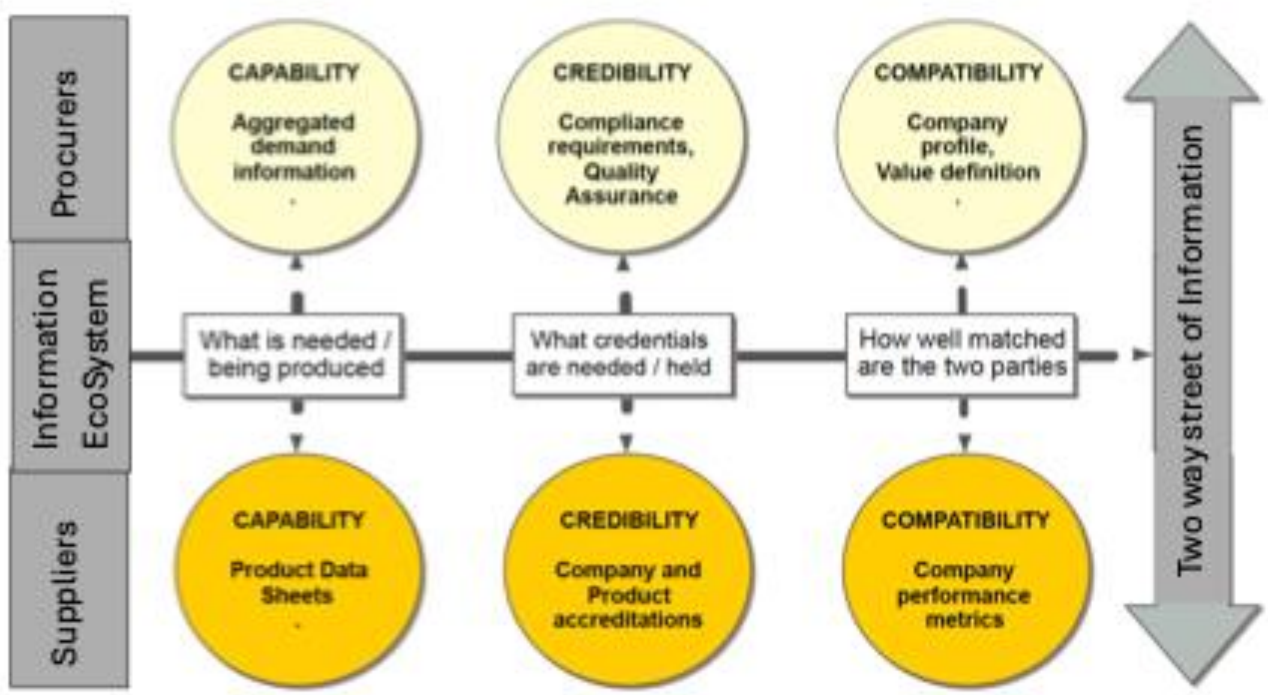
The main outcome was always to prove the concept, in terms of:

- the need for such a solution,
- the appropriateness of the solution being proposed in addressing the barriers to be overcome,
- the technical feasibility of the approach being developed
- and the financial viability of the business model being used.

These objectives have been achieved, and the next phase, when funded, will trial the platform and allow for a network economy to grow organically and self-populate the system with data on our SME resource.

The main resource here is the AI driven **Procurement and Framework Opportunities** site which is central to the platform and forms the bridge between the SMEs and the Procurers, with the other signposting being to 3rd Party sites offering support in all the areas covered above, and helping SMEs become 'bid ready'. Together this provides the one-stop-shop facility that will give SMEs the confidence and the ability to engage with the procurement process.

Engaging with that process may still be too onerous for many SMEs without partnering with a 'broker' who can guide them through the many requirements being asked of them. These brokers exist in various forms and are effectively just another collaborative partner, but one that 'oversees' the process for one or more SMEs whose time is better spent delivering the product or services required.



What the platform does do to reduce that up-front demand, is to break it down into three stages, with each stage requiring input from both the supplier and the procurer at the level needed to progress the relationship.

The initial stage is therefore limited to basic public domain information about where a business is, what it does and its capacity to deliver. In return this is matched with information about size and scope of the market being offered.

The information about compliance and what accreditations and levels of insurance would be needed must still be known at the outset but not necessarily be provided or be in place until there is a genuine prospect of a contract being signed. It certainly should not be a barrier to entering the bidding process, as this is what invariably prevents SMEs from even applying. Often these aspects can be covered though a collaborative relationship between two SMEs with one subcontracting to the other.

This approach allows for discussions to be held between procurers and prospective bidders prior to the onerous form filling that would usually prevent that stage ever being reached. Whether or not two companies can work successfully together is as much to do with personalities and having a similar company ethos as it has to do with compliance with regulatory requirements.

Project Outcomes

The evidence gathered showing the need for this project has been one of its main outcomes, but that show of support has come through a co-creative process that has seen the platform evolve in response to the feedback received and the knowledge gained.

The need for such a solution:

- SMEs: Evidence remains anecdotal and qualitative at best. To obtain statistical evidence to back this up requires a level of engagement that has not been possible to achieve, but there has been little variance in the feedback that has been gathered on the barriers to be overcome (Appendix ix)
- Procurers: The three sectors focused on were our four main local authorities, and in the private sector, the tier one businesses in the region, and our three universities. These represent the most influential parties in the industry's supply chain and the most important voices in any attempt to implement a change agenda (Appendix x)
- Industry Bodies: A taxonomy of industry bodies was developed to categorise the many businesses supporting the construction industry and used to test the principle of the business model being proposed. From each of these a selection of businesses were contacted and the concept discussed. Those businesses were then used to help reach their SME members with the questionnaire to increase our response rate (Appendix xi)
- EMCCA: Through multiple attempts to reach the decision makers and get the level of endorsement needed to give this fact-finding exercise greater credibility, the project now has visibility across many divisions up to the Mayor. Concerns about duplication have been raised but no evidence of anything similar being developed or in existence, paving the way for this to be fully supported as a vehicle for delivering inclusive growth across the region (Appendix xii)

The appropriateness of the solution being proposed in addressing the barriers to be overcome:

The approach being taken has been challenged on a number of fronts, all of which have been successfully defended:

- Replication of existing support mechanisms – There are three reasons why this has been designed as a signposting service: Replicating existing sources of information is both wasteful, time consuming and adds to the industry's confusion over which resource to use; it creates barriers to adoption through unnecessary competition; and it requires continuous input to maintain and keep the content current.
- The cost of sustaining such a platform – the business model has been devised as a way to spread the cost of keeping the signposting current across multiple industry bodies. The percentage of the supporting industry bodies' membership fees taken is dynamic and calculated from the number of members , the number of participating bodies and each site's user figures. (Appendix ??)

- The problem of SME engagement – the research into why SMEs do not engage with the procurement process was part of the prior research that informed the development of the platform. If all those barriers can be removed, there will be a measurable change in participation levels. If only some are removed, those that remain will mean nothing changes. This is why such a holistic approach that deals with the issues from all perspectives is needed.

The technical viability of the approach being developed:

Having a robust technical platform that is both sustainable and scalable is critical to the long term success of projects such as this. There are many aspects to this to be considered, including GDPR and trust at a more fundamental level that the data being provided by SMEs will be secure. The approach taken to the platform's development originates from the initial research into the barriers to engagement, one of which was that reluctance to share often sensitive data, even on a secure site. The solution to this was either to develop higher levels of data encryption, or the solution adopted that limited the data held in the cloud to that data already in the public domain. The three steps of Capability, Credibility and Compatibility allows for a staged engagement based on a mutual agreement to share detailed information beyond that initial level only when it becomes necessary to do so. That information can therefore remain on the company's system where it can be maintained, updated, and send directly to the prospective client when requested. (Appendix xiii) This approach has multiple benefits:

- It gains the trust of the SMEs that need to be engaged in the process
- It reduces the burden on SMEs of gathering and submitting data up front
- It reduces the ongoing costs of maintenance and upkeep of the data being held
- It reduces the platform's security and GDPR requirements

The financial viability of the business model being used:

There will need to be further evidence of the viability of this model, but those industry bodies involved so far have all agreed that the business model represents a mutually beneficial solution to a known problem. The mechanism for calculating the percentage of the fee paid for being a portal to the site and the actual total income required to maintain it going forwards have yet to be agreed, but the figures needed for calculating this are known:

- Annual cost for maintaining the site: £50k?
- Number of businesses in Nottinghamshire and Derbyshire: 95 000
- Number of key Industry Support Bodies who could be participants: 25?
- Number of companies paying membership fees in the region per industry body: 1000?
- Membership fee values: £200?
- Percentage of fee seen as viable: 1%

On these estimates the model works.

New Knowledge

The different schools within NTU who have been part of this project have treated it differently. ADBE, for their part have defined this as consultancy for Bolsover DC and focused on gathering knowledge about their SME skills base, and raising awareness amongst them of the procurement process and how to make better use of it. CBIT on the other hand, have defined their input as contract research and have used the data and feedback provided from the questionnaires and meetings held with industry partners to further develop their platform to address the issues being raised.

The intention is for the platform developed to be trialled amongst the range of people who have been involved in various sectors to get further feedback from them about how well the solution being developed resolves those issues. This form of co-creation, with all perspectives considered, not just at the outset but throughout the design process and at the implementation stage, results in solutions that are robust and far more likely to be adopted voluntarily without the need for incentives or regulatory requirements driving them.

In that respect, this project is seen as one that not only addresses the problems of low SME engagement but also the underlying problems around the low impact levels experienced by government backed strategies aimed at 'transforming the construction industry'. A failure to fully understand the implications of an initiative from the perspective of those sectors that must be on board for it to succeed often lies behind these low levels of engagement, and this can only be tackled by including those sectors from the outset, no matter how difficult that is to achieve.

To that end, this project has the potential to increase the impact of many projects across all sectors of industry where similar issues around engagement with their supply chains exist.

Benchmarking

One important message that was fed back from SMEs was the need for an immediate payback of some kind to ensure engagement with any proposed intervention. The possibility of some collective benefit at some later date is not enough to justify the up-front use of limited time and resources. Being able to benchmark yourself against other businesses in your sector however, if done anonymously, offers an attractive and immediate payback for entering data and engaging with a process.

This has been taken on board, not only because of its value as an incentive, but because of how it also helps the aggregation process. SMEs want to know how they're fairing in comparison to other businesses, but also how close they are to having all the necessary capabilities and accreditations needed to bid for a project. This platform can provide all this information, but also use it internally to suggest possible collaborations to 'fill in the gaps' as an alternative to gaining the necessary accreditations or levels of insurance themselves.

The other reality that has been realised through this research is the need for agility in responding to these bids. This platform can immediately provide the best collaborative options available saving valuable time, but can also allow companies to provide their own collaborative partnerships and ask for all projects that they could bid for together to be highlighted as they are posted.

Next Steps

The intention is for this trial to be extended both geographically across the East Midlands and 'sectorially' to include all SME supply chains. The similarities between the construction industry and other sectors is not yet fully understood, and it could be that the issues being confronted within this sector are atypical and more pronounced than elsewhere. Neither is it fully understood yet how regional our supply chains could beneficially be before imposing an unnecessary constraint on the procurement process or even face legal challenges.

One market sector closer to home that has been successfully trialled is interdisciplinary academic research itself. Similar problems are encountered in this 'industry' where it is difficult to find the most appropriate collaborators for projects that need a quick response, whilst many researchers are wary about sharing too much information about their own research on-line for fear of it being used by other competing researchers to bid for the same funding.

Leaving that opportunity aside, however, the next step for this demonstrator would be to launch the platform and grow its scope organically starting with the sector where the most need and therefore the most benefit can be seen to exist. That is another question that has been asked of the construction industry and the feedback received will help decide what the most fertile sector would be. One candidate would be the retrofit sector, where there is a need for multiple trades with local knowledge of the methods of construction used, and where overheads need to be kept to a minimum to ensure profitability.

Whether or not this platform then grows to encompass other sectors, the organic business model and the benefit to those parties who do participate are still valid. This is a scalable concept, and once the platform has been developed, its maintenance costs and the fees to fund that will be proportional to its growth. The real challenge will be to get the platform recognised at a regional level as a project with governmental support for growing our regional economy.

There is still more work to be done at that level with both business and a government taking a very risk averse attitude towards collaborative initiatives that have not got a good track record for successful long term outcomes. Our thesis is that the undeniably poor track record of these government initiatives, certainly across the construction sector, is due to the lack of engagement with over 50% of our workforce, and the consequent lack of relevance these initiatives have had from their perspective. Growing confidence is key to overcoming this wariness, and consistency of messaging and consistency in the policies behind the messaging are where this needs to start, with a secure business model being the first step to achieving this by removing the reliance on government funding.

Appendices

Appendix i: ONS data on SMEs

The construction sector is both a backbone and a barometer of the UK's SME economy. At the start of 2024 the UK's private-sector business population was estimated at about **5.499 million** businesses with construction accounting for a large proportion of that. Construction firms are unusually numerous relative to their workforce contribution with the sector containing a high proportion of sole traders and small firms with many self-employed tradespeople and small subcontractors. Whilst this boosts the number of enterprises, it means those firms are often light on payroll headcount. Using the official headline that construction accounted for about 16% of all UK businesses, this translates into roughly **880 000** construction businesses at the start of 2024.

Employment patterns underline the same point. Official ONS analysis and associated industry reporting show the construction sector represented roughly **6% of total UK employment** in early 2024, even while it accounted for a much larger slice of the nation's enterprise count — reflecting the sector's substantial share of self-employment and micro-businesses. Broader workforce estimates used by industry bodies put the construction-sector workforce in the range of **~2.6 million** people in 2024 (this total typically includes employees plus the sizeable self-employed cohort). Those twin facts — a high count of small firms and a moderate share of employment — help explain why policy interventions for construction SMEs tend to focus on cash-flow, late payments, and skills/apprenticeship pipelines rather than simply firm creation.

The problems arise around communicating these interventions to multiple small businesses who need to engage with the policies being promoted. SMEs with under 50 employees make up over **95%** of all private sector businesses, but around **75%** are non-employing businesses employing no one at all, making for a difficult market to influence unless ways can be found to do this collectively through industry bodies that understand their specific roles within the industry.

ONS data also shows differences across sectors that need to be understood to make sure the messaging is appropriate and relevant. Total annual construction output rose slightly in 2024 (the ONS reported an increase of **0.4% year-on-year** for total construction output in 2024 compared with 2023), but that headline conceals a divergence between **repair & maintenance (R&M)** including retrofit, which rose strongly — and **new work** (particularly new housing and some infrastructure sub-segments), which contracted. On a quarterly basis the sector showed modest positive momentum at times (for example, construction output grew by about **0.5%** in Quarter 4 2024). These dynamics matter for SMEs because R&M work tends to support many small local firms and subcontractors, whereas contractions in new housing and big civil projects affect larger contractors and upstream supply chains.

They also matter for working out where to focus this project to ensure it can become established with a good foothold before building out into other sectors. The repair, maintenance and retrofit sector is where most SMEs make their living and is therefore where the need for a support network to help build collaborations is strongest.

Appendix ii: EMCCA's Strategic Plan

EMCCA Strategic Plan: Key Elements & Objectives

1. **Devolution deal & investment**
    - EMCCA was created through devolution (covering Derby, Derbyshire, Nottingham, Nottinghamshire) and has secured a funding deal of **£1.14 billion over 30 years**, plus £1.5 billion in transport funding. join-emcca.com
    - EMCCA is directing over **£4 billion of public investment** in the region over the decades ahead to deliver its growth, skills, housing, transport, environmental, and economic development priorities. East Midlands Combined Authority
2. **Inclusive Growth Commission**
    - A commission (RSA-led) has been formed to ensure that growth in the region is inclusive. It aims to produce a roadmap so that economic growth benefits all parts of society and place, not just major urban centres. East Midlands Combined Authority,
    - The commission's interim report (March 2025) sets out a number of emerging findings: the need for better job quality and security; bridging skills gaps; tackling health, equality, housing, and transport barriers; and increasing devolved powers and flexibilities. East Midlands Combined Authority
3. **Investment Zone strategy**
    - The East Midlands Investment Zone (EMIZ) has been established, with a **£160 million** ten-year programme. It aims to unlock inclusive growth and innovation, especially in **advanced manufacturing**, **clean energy**, and **advanced construction industries**. East Midlands Combined Authority, East Midlands Business Link
    - Priority sites include Infinity Park (Derby), Explore Park (Worksop), and Hartington Staveley (Chesterfield) – these will benefit from targeted incentives such as tax breaks, business rate retention, and support for infrastructure. East Midlands Combined Authority
4. **Housing, Transport, Skills, Net Zero**
    - EMCCA strategy includes building 52,000 homes, improving housing quality (including retrofits and higher environmental standards), and making sure housing is affordable. East Midlands Combined Authority
    - Transport improvements: better roads, public transport, connectivity, both physical and digital. East Midlands Combined Authority

  - Skills development is central: aligning skills with employer needs, increasing technical & green skills, adult education, apprenticeships, upskilling/reskilling. East Midlands Combined Authority
  - Net Zero: aims to achieve carbon neutrality by 2050; emphasis on low-carbon homes, retrofits, renewable energy, protecting green spaces. East Midlands Combined Authority

5. **Shared priorities with central Government**
   - The region has secured backing for shared growth priorities: Innovation, Skills, etc. The priority is to strengthen links between business, universities, research; improve technology adoption; and build clear paths into key sectors. East Midlands CA

What This Means for the Construction Industry & Regional SMEs

Based on the above, here are the likely implications, opportunities, and challenges for construction firms and small and medium businesses in the East Midlands.

Opportunities

1. **Growth in demand for housing & retrofits**
   - The push for affordable high-quality homes and retrofitting existing homes for energy efficiency will create demand. SMEs in construction, especially in trades like insulation, heating, roofing, windows, sustainable materials, etc., are likely to benefit. East Midlands Combined Authority
2. **Advanced construction & clean building technologies**
   - The Investment Zone explicitly includes “advanced construction industries” among its priority sectors. That suggests incentives, R&D support, technology adoption, possibly prefabrication, offsite construction, greener materials or methods will be encouraged. SMEs that can adapt toward higher tech, sustainable construction methods may get access to grants, contracts, collaborations. East Midlands Combined Authority
3. **Infrastructure & connectivity projects**
   - Transport improvements and infrastructure investment will require construction activity. Roadworks, public transport upgrades, new transport nodes, possibly active travel etc. These will open up contracts for local SMEs. East Midlands Combined Authority
4. **Business support & incentives**
   - There will be business support designed specifically for SMEs in priority sectors. Financial incentives via the Investment Zone (tax, business rate retention), and support for innovation and collaboration with research institutions. East Midlands CA
5. **Skills & workforce development**

- SMEs often struggle with accessing skilled labour. The EMCCA's focus on aligning skills, apprenticeships, upskilling means SMEs may have better access to training, grants or subsidies for labour, opportunities to collaborate with colleges. This helps to reduce one of the major constraints. East Midlands Combined Authority

6. **Net-Zero and regulatory environment**
   - As sustainability standards become stricter, there will be a growing market for low carbon construction, energy efficiency, renewable technology integration. SMEs that invest in green credentials, reuse, or sustainable methods are likely to have competitive advantage. EMCCA's plan supports this shift. East Midlands Combined Authority

Challenges & Risks

1. **Capacity and cost pressures**
   - Many SMEs may lack the scale or capital to invest in new technologies, upskill staff, or meet higher environmental standards without support. Material costs, labour shortages, inflation will all be pressures. If they can't access finance or business support quickly, they risk being left behind.
2. **Competition for contracts & supply chain issues**
   - As EMCCA and central government draw in large investment – advanced manufacturing, new zones, etc. – there may be competition from larger firms. SMEs must ensure they are capable of meeting procurement requirements (skills, quality, sustainability) to win contracts. Supply chain disruptions or lack of local suppliers for specialized green technologies or materials could squeeze SMEs.
3. **Regulation & compliance burdens**
   - New standards for housing, retrofit, energy efficiency, carbon zero etc. bring extra compliance, possibly licensing or certification costs. For SMEs, that can be disproportionately burdensome, especially if information is not well distributed.
4. **Spatial/geographical inequalities**
   - While regional strategy aims to uplift all places, some towns/rural areas may have less infrastructure, skills access, or transport connectivity. SMEs in those areas may struggle more than those in better connected urban centres to access contracts, workforce, or customers. Thus the success of the regional plan depends on whether connectivity (transport, digital) and localised support are effective.
5. **Timescales & uncertainty**
   - Some of the strategy is long-term (i.e. 10-30 years), or at the stage of planning, commission interim findings, etc. SMEs need clearer timelines so they can plan investment, hiring, training. Uncertainty in funding, planning permissions, regulatory changes can delay projects or make them risky for smaller firms.

Appendix iii: The Questionnaires

Four versions of the questionnaire were used to gather data from SMEs and Procurers, one for all sectors and one specifically for the construction sector. These were sent out through various routes and embedded in PowerPoint presentations (Appendix viii) that were again customised for different audiences, with one for SMEs, one for Procurers, one for the supporting Industry Bodies and a fourth for EMCCA to try to gain their support for the project early on.

These questionnaires are still being circulated and the results processed to build up a more accurate picture of what the industry needs to help it function more collaboratively.

The Procurement Process: The SMEs' perspective (2)

We have a new Combined Authority for Nottinghamshire and Derbyshire, EMCCA (East Midlands Combined County Authority).

Their aim is to grow our regional economy, and they have funding and devolved powers from central government to make that happen. This involves encouraging inward investment, but more importantly, it means making better use of the resource and capabilities already available in the region, and enhancing our local SMEs' potential to capitalise on local procurement opportunities.

Shortening and simplifying our supply chains is key to this, which essentially means making the procurement process easier and more accessible for our small businesses. The new Procurement Act came into force in March 2025 and its aim was to mitigate these barriers to engagement, but some still remain and this project aims to address these locally using EMCCA's devolved powers.

But first we need to understand precisely what those barriers are. This project has been set up to get that information directly from small businesses and also gather opinions on whether what we're proposing to do will improve engagement with the procurement process.

The following questionnaire is based on evidence already gathered but we need to gauge how many of you agree with these comments and whether you have anything else to add that we can work with. The information you provide will remain anonymous, and the project itself fully complies with GDPR requirements for data storage.

Section 1 ...

Your Profile

Before we take you to the Central Signposting Portal, we need to know more about your business so we can filter the sites you'll be shown and make sure they're all relevant to your sector. Nothing on this site is held here - this is just a point of reference for everything you need to know, and if there's anything missing, tell us and we'll make sure it gets added. This is a resource that has been developed by the East Midlands Combined County Authority (Nottinghamshire and Derbyshire) to help us make better use of our regional skills base and grow our regional economy. It is financed by 1% of your membership fees to the Industry Body you used to enter the site from. The more it is used, the more beneficial it will become, for SMEs, for Procurers and for the East Midlands.
The following questions are under three headings of:
Capability - what you do and where you do it
Credibility - what accreditations and insurance you have
Compatibility - where you fit and how you operate

Nothing we ask for is seen to be sensitive information, but only give answers you feel comfortable sharing.

When you submit this form, it will not automatically collect your details like name and email address unless you provide it yourself.

Various routes have been used to get the feedback needed, all of which have met with limited response due to the nature of asking SMEs to participate in initiatives that offer little in return beyond the ‘promise’ of future, often collective benefits.

We have nevertheless persevered through a number of events where we have ‘piggybacked’ off other organisations workshops or seminars, including the following:

ADBE Green Construction Workshop

Nottingham Business School, NTU 05/02/2025

EMCCA Summer Engagement Event

Cleaver and Wake, 24/07/2025

NZIP Retrofit workshops and quarterly networking lunches for regional SMEs

NZIP launch event, Post Mill Centre, South Normanton, 17/06/2025

Networking Lunch, Alleppey Kitchen, Bolsover, 23/09/2025

East Midland Chamber events

Retrofit Green Skills - Employer Forum, University of Derby, 17/09/2025

Retrofit Green Skills - Employer Forum, Nottingham Trent University, 25/11/2025

Enterprise Clowne Detox Breakfast for businesses in the Bolsover District

Tangent Business Hub, Shirebrook, 10/09/2025

BEM Services, M&E Consultants and Design Engineers Networking Lunch

Revolution De Cuba, Nottingham 02/10/2015

This is an ongoing exercise as we expand our research both geographically and ‘sectorally’, with each event reaching not only those present but all that organisations members through their mailing lists.

Appendix iv: The barriers to engagement

CIH (Construction Innovation Hub) Platform Programme - Supply Chain Strategy:

The following report was from the research carried out for the CIH in 2021/2 looking at how to engage Supply Chain SMEs in the Platform Design and Value Toolkit programmes that were running concurrently. The findings from the interviews carried out with participating SMEs helped inform the implementation programme and also form the basis of this project's approach to encouraging participation and collaboration.

Value Workstream Brief:

1. Supplier / Project team gap analysis for PCS – identifying areas within the sub-assembly categories that require addressing, including identification and recommendation of solutions (including but not limited to new partner identification and introduction).

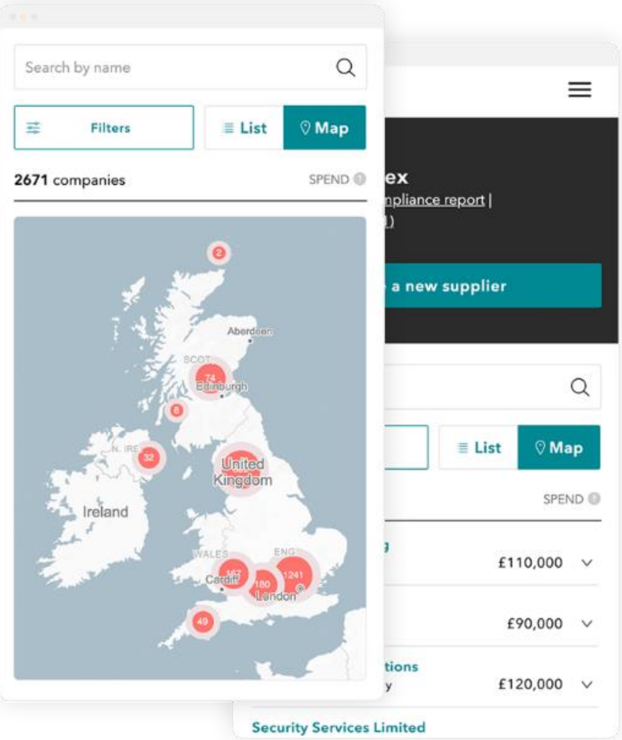
2. Sub-assembly capability / maturity assessment – to inform the above exercise

Challenges / Requirements

- Visualise the extent of the supply chain and make it easy to find, source and work with suppliers who can contribute to the definition of the Platform Construction System (PCS).
- Defining capability requirements of the supply chain to deliver a PCS and assessing which suppliers can meet those needs or where gaps exist;
- Identify a potential supplier ecosystem for Platform Construction System (PCS) – Proof of Concept building to enable / inform procurement strategy.
- Linking the kit of parts and system concepting outputs with broader supplier ecosystem and demonstrate size of market who could deliver a Platform approach.
- Understand capacity of supplier ecosystem to deliver government pipeline using PCS, identifying shortfalls / critical items and approaches to balancing demand.
- Demonstrate to government departments the broad supplier ecosystem for a Platform approach and alignment with government procurement objectives for SME and local targets (reflecting new social value PPN 06/20)

Approach

The team will deploy a digital platform to collate and report data on potential supplier ecosystem for the Platform Construction System. The platform will capture company profiles, map locations, assess capability and report on the supplier networks, aligned with the 'Kit of Parts and Kit of Rules' for the PCS, to enable the Hub to assess and fill existing Programme gaps, as well as reviewing the broader supplier market for adopting a platform approach.



The high-level steps would include:

1. Integrate database + map of suppliers
2. Supplier Capability Criteria
3. Link Kit of Parts / Rules to supplier ecosystem
4. Gap Analysis
5. Engagement & Onboarding

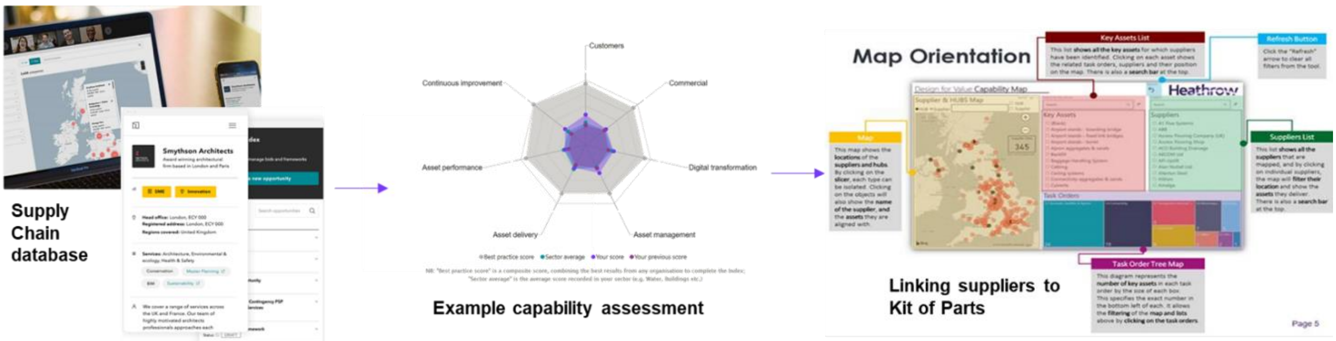
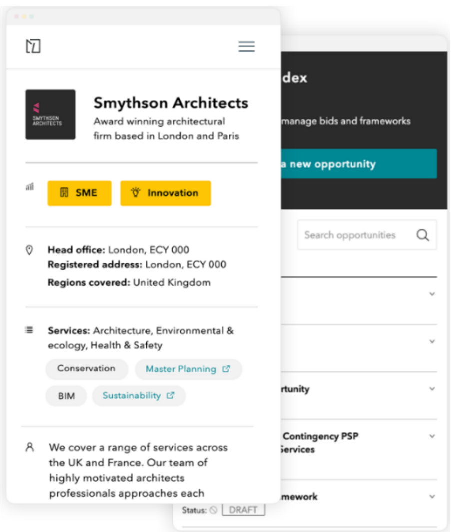


Figure 3 – Example of the *mapping and searchable locations of all Innovate UK*

This enables the team to ecosystem via imports from a full searchable map and (including info. on services / to undertake and capture reviews.

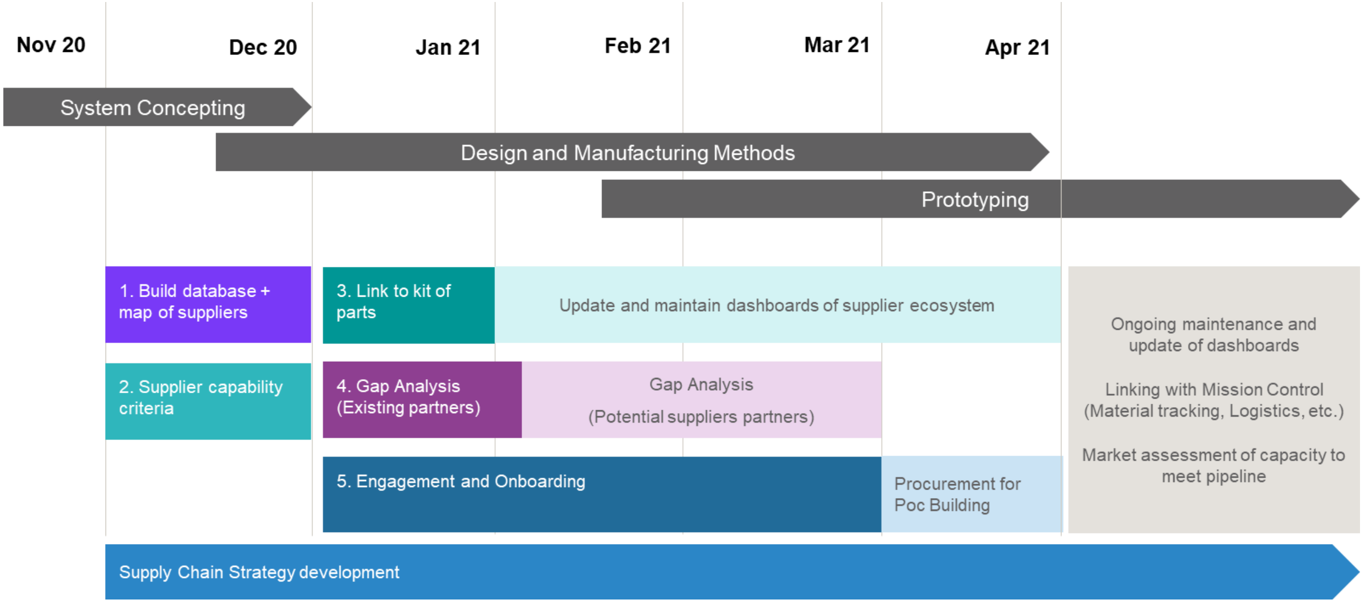
The output will be published PowerBI) made accessible to



IAND platform, *with integrated supplier directory, showing the funded suppliers.*

identify the wider supplier existing supplier directories to give directory of potential suppliers location and size). This can be used data on the initial assessments and

as interactive dashboards (e.g. the Hub and Industry partners to inform decision-making. The initial focus is to support the backfilling of existing gaps in Programme, as well as subsequent selection and procurement of the supply chain for the Proof of Concept Building. An indicative programme for this initial phase is shown below:



The outputs from the initial mapping exercise will feed into and inform the Supply Chain Strategy for an Industry Platform. The strategy will be developed through research and engagement with Hub Industry Partners and other sectors (e.g. manufacturing, retail, food and pharmaceutical industries) to gather best practice and align to Construction sector. The data and reporting can be linked into other aspects of the programme, including:

- **Supplier Capacity** – Assessing supply chain ability to deliver government pipeline
- **Procurement strategy** – Picking right supply chain, including approach to pre-qualification and selection
- **Value toolkit** – Including delivery model selection and Commercial Strategy development
- **Mission Control** – Tracking and monitoring procurement, manufacturing process and logistics.
- **Digital Configurator** – Integration of supply chain options into design options

Activities	**Build database and map suppliers:** A. Create instance of platform (https://www.iand.com/) B. Capture and load company profiles of existing Industry Partners (using publicly available data) C. Connect and integrate with existing supplier databases from MTC / Integrators e.g. Kier MMC database

D. Search and gather company profiles for MMC related products using publicly available lists e.g. client frameworks, Innovate UK data etc.

E. Publish mapping of supplier ecosystem, including basic company information e.g. Sector, Size, Services, experience, trade associations, market position etc.

Develop Supplier Capability Assessment Criteria

F. Engagement with Integrators to develop supplier capability requirements and set of criteria needed to support Programme delivery

G. Integrate into Capability Assessment tool, potentially including two levels of assessment e.g. Initial filtering of potential suppliers, followed by PQQ style questionnaire with supplementary capability assessment criteria to inform selection.

Link Kit of Parts to supplier ecosystem

H. Engage with designers and sub-assembly team clusters to identify current gaps for system concepting option development. Create list of potential suppliers using supplier map and existing integrator databases.

I. Capture outputs from Define the Need and System Concepting and Kit of parts definition in structured format e.g. Spaces definition, Product Breakdown Structures / Product Design Requirements / Preliminary Bill of Materials

J. Link kit of parts (components / assemblies) to supplier services defined in company profiles. Create dashboards with a range of filters to enable data to be viewed in variety of ways: role, space, component / assembly types etc.

Gap Analysis

K. Undertake an initial assessment of current industry partners using capability framework to identify gaps. Visualise capability scoring through dashboards and highlight gaps to Hub and Programme team.

	L. Identify immediate capability gaps to be backfilled for Programme delivery e.g. Design support for sub-assemblies M. Widen assessment to broader supplier ecosystem to identify potential new suppliers who could be added to Programme, as an initial filtering process. Develop long list of potential suppliers to engage. N. Agree potential supplier list and issue engagement pack + PQQ assessment criteria. Identify, score and select potential suppliers to onboard into Programme. Note: information captured would support Social Value requirements from PPN 06/20. A new set of government metrics has recently been published that could be monitored https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/939694/The_social_value_model.pdf **Engagement and Onboarding** O. Validate supplier selection with Hub and engage with Procurement Strategy team to finalise selection; P. Develop a supplier registration and approval process for PCS; Q. Develop onboarding and training pack for new suppliers; **Ongoing Maintenance and Support** A. Maintain and update supplier lists and profiles, refreshing data periodically. B. Maintain and update kit of parts, refreshing a detailed components are defined through design process C. Capture the value of products provided to the demonstrator, to evidence value delivered to programme D. Monitor engagement level of suppliers on the programme E. Understand how data can be published and made open source so it can be utilised by Government departments to support selection of supply chains

	Assessing capacity of supplier ecosystem to support Platform Approach: A. Understanding proportion of the market that is engaged in PCS or who could potentially supply components / assemblies defined as part of the System Concept; B. Determine Production volume: how much of a particular product (or at least a range) will be required of the course of a pipeline will be key to supplier interest in the programme e.g. 30 schools over 3 years requiring 2000 external wall panels; C. Programme readiness – once the database is developed it will be important to identify (either through scoring or some other metric) the supplier readiness to deliver – getting onto the supply chain database and subsequently being rated: “ready for integration” will not only gauge the level of interest but could create some healthy competition. D. Review capacity of the supply chain to meet government building pipeline and consider implications on government depart procurement strategies / rules **Supply Chain Strategy Development:** A. Understanding what good looks like in Supply Chain Design – Traditional and MMC B. Research of best practice across sectors (manufacturing, retail, food, pharmaceutical etc.) and compare to construction C. Collaboratively develop Platform Supply Chain approach D. Develop future state roadmap, linked to National infrastructure strategy and construction playbook.
Outputs	• Supply chain capability Framework / Assessment criteria • Supply chain map and company profiles • Dashboards – Linking the Kit of Parts to the Supplier ecosystem and summarising outputs of the capability assessment • Inputs into the Procurement Strategy • Inputs into Mission Control

	• Inputs into Digital Configurator
Inputs Required	• PCS definition (Components / assemblies) + specifications • Integrator supplier databases (Kier / Skanska / BAM / Mace / Mid-Group / PCE) e.g. https://www.kier.co.uk/mmc-database/ • Development of supplier assessment criteria in collaboration with Industry Partners • Supplier on-boarding and engagement process / collateral • Procurement Strategy • Value Toolkit
Team	• Massi Crea – Mid-Group (Lead) • Nigel Goddard / Rosie Bullock – MMDV (Engagement + dashboards) • Adam Golden – MM APD • Elspeth Finch - IAND platform • Mike Siebert – Ecologic Homes Consultancy
Duration	Initial development phase – 3-4 months Ongoing maintenance – 12 - 18 months (To end of Programme)
Cost	Include inputs for others - Headline budget
Resourcing (People, Time and Tools)	
Value	
Risk Mitigation	

Appendix v: Procurement and SME Engagement across EMCCA

The prevailing construction procurement environment is built around traditional procurement norms and systems (design-bid-build, or design-build arrangements, amended standard forms, collateral warranties, fragmented insurance requirements), that rely on a single main contractor as the integrator. These procurement norms are driven by structural factors (see Table 1) that have been sustained by coercive (formal mandates, regulations, and political influence), mimetic (organisations imitating successful peers or adopting popular practices), and normative pressures (professional networks, and societal expectations) (Sarhan et al., 2018). This has made it difficult for construction clients to bypass Tier-1 contractors without appearing to deviate from what is currently accepted as procurement best practice.

Structural factors	**Effects**
Institutional norms and safeguarding	Locks in Tier-1 as default integrator
Risk transfer logic	Clients outsource integration to Tier-1
Commercial actor influence and professional practices	Reinforces single-point responsibility
Hierarchical structure	Concentrates power at Tier-1 making direct client-SME seem like a higher coordination risk
Capability gap	Clients depend on Tier-1 supply chain management systems, hence loosing capability over time
Payment control	Tier-1 dominates cash flow and leverages on this
Cultural lock-in	Repeat business sustains Tier-1 dominance

Table 1: Structural factors sustaining current procurement paradigm and their effects

The safeguarding logic remains entrenched in the current procurement regime (amended standard forms, exculpatory clauses, disclaimers, layered collateral warranties, fragmented insurances), reinforcing the role of Tier-1 contractors as the primary risk buffer (Sarhan et al., 2017). Clients perceive that outsourcing integration to a main contractor will reduce their coordination burden and exposure to liability. **Tier-1 contractors exploit this by positioning themselves as the risk managers, charging premiums for risk transfer and governance** (Sarhan et al., 2017). This creates a structural dependency because over time, many public sector clients now lack the internal capability to manage multiple trade interfaces, so they default to Tier-1 intermediaries. Large tier-1 contractors now have dedicated supply chain management (SCM) teams, ICT systems (intranets/extranets), category management protocols (tiered preferred/strategic lists), supplier audits, and performance KPIs (Manu & Knight, 2019), all sustained through the clients' payments for main contractor overheads. Some clients lack an equivalent internal SCM capability, and default to relying on the Tier-1 contractors for supply chain audits and prequalification, performance monitoring and KPI systems and coordination of multiple trades and logistics. This capability gap has entrenched Tier-1 contractor dominance. Tier-1 contractors also control payment flows to lower tiers, using retention and delayed payments as a leverage (Manu et al., 2015). This financial control reinforces their power position and dependency of SMEs on Tier-1 relationships for continuity of work.

Quantity Surveyors (QSs), cost consultants, and legal advisors, who are key influencers in procurement, especially regarding the necessary contractual safeguards, are trained and incentivised around a price-and-control paradigm. Their advice tends to favour single-point responsibility, due-diligence routines, and bureaucratic assurance, which, unintentionally, re-centralise Tier-1 authority and crowd out direct collaborative value creation with specialist trades (Ahmed et al., 2021) as a strategy of minimising perceived legal and reputational risk. Their remuneration models (fee-for-service, claims management) align with transactional governance, not integrated supply chain engagement. This reinforces a hierarchical Client-Tier 1(main contractor)-Tier 2 (sub-contractor)-Tier 3 (sub-sub-contractor) supply chain, with power concentrated at the top (Ahmed et al., 2021). Lower-tier specialists, who are largely SMEs remain disconnected from early design and decision-making, limiting their ability to influence value and innovation. This hierarchy is reinforced by custom and practice, making Tier-1 contractors' gatekeepers of work allocation and information flow.

Tier-1 contractors control payment flows (valuations, retentions, payment timing), building leverage over SMEs and sustaining a Tier-1 driven procurement ecosystem. Payment uncertainty (late payments, non-release of retention sums when due) undermines lower-tier trust, pushing specialists to prioritise the Tier-1 relationships over direct client engagement (Manu et al., 2015). Trust formation in the supply chain therefore becomes benefit-induced rather than trustworthiness-induced (Manu et al., 2015; 2016). Long-standing procurement and supply chain networks that emerge from this system create dependence on Tier-1 based models, reproducing waste and disincentivising alternatives despite notable failures and narratives of reform away from this system (Sarhan et al., 2018; 2017). The heavy focus on safeguards inflates transaction costs and stifles flow efficiencies (Sarhan et al., 2017; 2018). Clients get a perceived comfort with Tier-1 single-point responsibility, but at a higher cost that does not necessarily translate into value. This has resulted in Tier-1 selection being the default, with weak incentives to engage trades directly (Sarhan et al., 2017). The trust deficits between main contractors and subcontractors translate into higher transaction costs, opportunism, and lower collaboration (Manu, et al 2015) and value adding innovation.

The above structural factors have therefore tilted the balance in favour of the large tier 1 construction companies, despite the new legal landscape with the procurement act (Procurement Act 2023) seeking to unlock the potential advantages of direct regional supply chain engagements, and by implication regional SME engagement across EMCCA.

Direct procurement (e.g., direct appointment of trade contractors/specialists, client frameworks with key suppliers, or multiparty/alliancing forms) can realign incentives, reduce avoidable governance costs, and strengthen trust-based collaboration, innovation and value for the public sector beneficiaries. However, this will require that clients put in place appropriate capability and controls. We have drawn from three theoretical viewpoints in our previous procurement research to further evaluate the prevailing procurement models and offer reasons for which direct engagement of regional SMEs in the EMCCA area will be more beneficial, as enabled by the new Procurement Act. These theoretical perspectives are:

- **Transaction Cost Economics** (TCE) predicts that when transactions are asset-specific and uncertain (as in many construction packages), heavy reliance on arms-length contractual safeguards raises ex ante and ex post costs (tendering, monitoring, dispute resolution) and can still leave residual opportunism. In construction, the "buy it" (market) logic is often misapplied where "hybrid" or "in-house/relational" governance would economise on total costs (Sarhan et al., 2017).
- **Neo-Institutional Theory** explains the persistence of inefficient practices (e.g., lowest-price tendering, heavy amendments to standard forms, collateral warranties) through coercive, mimetic, and normative pressures, producing institutional waste (Sarhan et al., 2018).
- **Trust Theory** shows that resilient performance depends on trustworthiness (competence, integrity, reliability) rather than mere benefit-induced trustfulness, weak payment practices, opaque change management, and opportunistic claims, which undermine mutual confidence and information flow (Manu et al., 2015).

These theoretical positions jointly predict that reconfiguring governance to shorten contractual distance to the specialist supply chain can cut transaction costs, reduce waste in the procurement process, and enable trust-based performance and value addition (see Table 2).

Benefits	**Enablers**
Benefits of direct SME procurement	Practical enablers for direct procurement
Lower avoidable transaction and governance costs	Relational/collaborative contracts (e.g., alliance, framework options) Manu et al., (2015).
Reduced institutionalised waste from risk-averse safeguarding	Supply chain system and streamlined team dedicated to governance of supply chain interfaces and value/benefit addition.
Stronger trust and information flow via proximity to the specialists	Performance dashboards for trade suppliers (H&S, quality, flow reliability, cash compliance) to sustain trustworthiness-based selection (Manu et al., 2015).
Earlier and deeper specialist involvement, creating better design solutions and fewer changes	Early supplier involvement protocols, client driven or mandated supply chain database or framework, BIM and other digitally enabled

	coordination to reduce change orders and rework.
Payment certainty and cash-flow health in the lower tiers	Project bank accounts or escrow accounts, or government-backed payment guarantees, retention reform towards bonds to improve supply chain liquidity and payment trustworthiness (Manu et al., 2015).
Better risk allocation and insurance efficiency	Single project insurance where possible or better still streamlined policies (e.g., Latent defects insurance) to reduce duplicated cover and adversarial claims (Sarhan et al., 2017).
Capability building and learning at programme level	Training and capacity building, leveraging regional systems (supply chain database) that are focused on supporting clients engage supply chain directly.

Table 2: Potential benefits and enablers of direct engagement

The direct appointment of key trades collapses tiers, removes duplicated tendering/warranty chains, and reduces risk premiums otherwise embedded by Tier-1 contractors (Sarhan et al., 2017; Sarhan et al., 2018) as shown below in Figure 1. Standard contract forms over-amended with exculpatory clauses, fragmented insurances, and chains of collateral warranties are taken-for-granted safeguards that often stifle flow and collaboration and add unnecessary contingency and legal cost (Sarhan et al., 2017). Clients can replace some of these imperfect safeguards with flow and value-oriented arrangements (e.g., single project insurance, relational contracts, clearer risk-sharing models), reducing institutional waste and enabling smoother delivery (Sarhan et al., 2017). Trust between Tier-1 contractors and subcontractors is frequently undermined by payment practices, opportunistic variation management, and economic cycles, leading to defensive behaviours and less information sharing (Manu et al., 2015). Direct relational ties allow clients to set and enforce trustworthy practices (prompt payment, transparent change management, early warning) and to recognise performance directly. This fosters open, reliable information flow and reduces need for heavy and expensive layers of risk-averse controls (Manu et al., 2015).

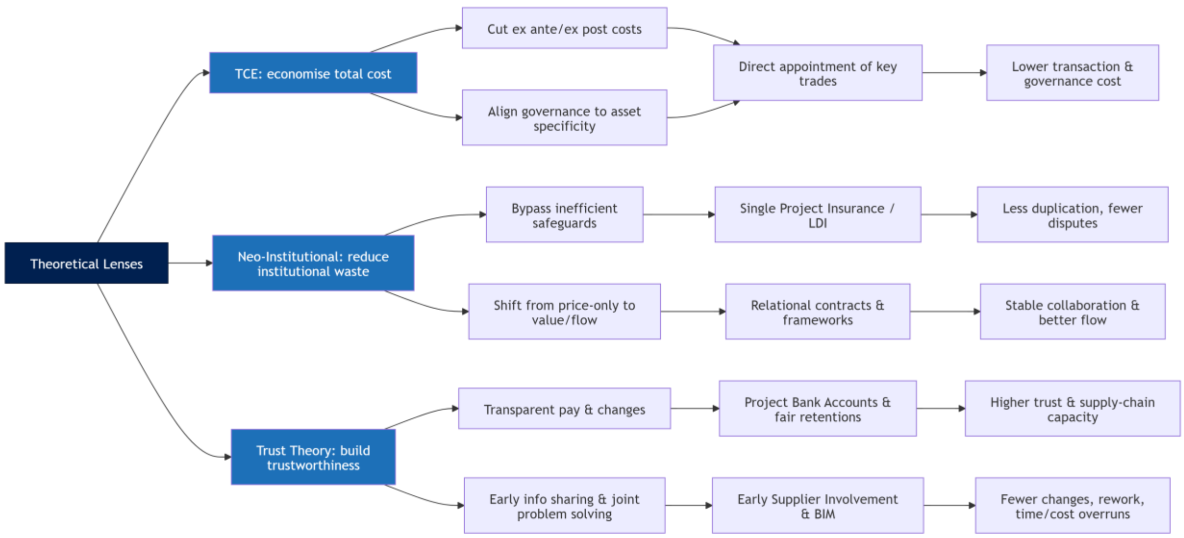


Figure 1: Potential benefits of direct engagement and the theoretical and research underpinnings

Sequential, lowest-price procurement delays specialist input, increasing design-construct misalignments and costly change. Direct frameworks/alliances with specialists bring know-how upstream, improving buildability, clash avoidance and programme realism, all of which are key to reducing change orders and rework (Sarhan et al., 2018; Manu et al., 2015) and adding overall value to projects. Late/uncertain payments and retention abuse at the Tier-1/Tier-2 interface create distrust and productivity losses, especially for SMEs (Manu et al., 2015). Direct client-to-trade payment (e.g., Project bank accounts, fair terms, retention reform) will increase trustworthiness, stabilise supply-chain capacity (Manu et al., 2015) and drive sustained regional growth and long-term benefit for communities. Conventional insurance arrangements cover each party's liability separately, encouraging defensive postures and even intra-team litigation to trigger cover, stifling collaboration and value addition. Direct procurement enables single project insurance (or latent defects insurance) to insure project risks rather than party liabilities, filling gaps, removing duplication, and supporting collaboration (Sarhan et al., 2017).

Direct, repeat-use relationships with trade specialists are a TCE-consistent hybrid that will lower monitoring/enforcement costs (Sarhan et al., 2017), reinforce learning loops, and help clients to retain trade-level performance intelligence (Sarhan et al., 2018). Client-held supply-chain frameworks accumulate performance data on trades, enabling targeted continuous improvement, stable teams, and fewer resets across projects (Sarhan et al., 2018).

Some coordination burden will rise without a Tier-1 integrator, but these can be managed client led frameworks and multiparty contracts with clear interface rules, possibly managed by an empowered programme management office at a regional level. These long-term frameworks with prequalified trades that go through a call-off mini-competitions on value criteria, not just price, can be backed by the supply chain database proposed by this project which is being developed by NTU CBIT. It may also be useful to initially prioritise high-value, high-specificity packages (e.g., façades, Mechanical, Electrical and Plumbing, structural steel and concrete) where early involvement yields outsized benefits.

References

1. Manu, E., Ankrah, N., Chinyio, E., & Proverbs, D. (2015). Trust influencing factors in main contractor–subcontractor relationships during projects. International Journal of Project Management, 33(7), 1495–1508.
2. Manu, E., Ankrah, N., Chinyio, E. A., & Proverbs, D. (2016). Functional consequences of trust in the construction supply chain: A multi-dimensional view. ARCOM Conference Proceedings, 883–892.
3. Sarhan, S., Pasquire, C., Manu, E., & King, A. (2017). Contractual governance as a source of institutionalised waste in construction: A review, implications, and road map. International Journal of Managing Projects in Business, 10(3), 550–577.
4. Sarhan, S., Pasquire, C., King, A., & Manu, E. (2018). Institutional waste within the UK construction procurement context: A conceptual framework. Engineering Project Organization Journal, 8.
5. Manu, E., & Knight, A. (2019). Understanding Supply Chain Management from a Main Contractor's Perspective. In: Pryke, S. (Ed.) Successful Construction Supply Chain Management (2nd ed.). Wiley.
6. Ahmed, S. N., Pasquire, C., & Manu, E. (2021). Key factors affecting commercial actors in collaborative working within the UK construction industry. Journal of Financial Management of Property and Construction.

Appendix vi: Inclusive growth in the construction industry

EMCCA's mayor, Claire Ward has called for inclusive growth in recognition of the need for us to make better use of our SME skills base and ensure that growth is not limited to our cities, hubs and clusters. The term 'Network Economy' better describes the growth model that we need to see in the East Midlands if we are to involve the many SMEs businesses that make up well over 50% of our workforce. This is particularly true within the construction industry where micro SMEs are commonplace, but notoriously 'hard to reach' and influence when new policies are being proposed.

Recent policy developments in this sector include attempts to broaden the definition of value to include societal and environmental benefit alongside the 'upfront' financial benefits that usually decide procurement bids. Another initiative, the Platform Design Approach, aims to simplify and co-ordinate our supply chains so that we manufacture fewer, better designed components as a better way of standardising production and boosting productivity than building identikit housing.

These are both well thought through and appropriate interventions, but their success is dependent on supply chain engagement and there being an equally well thought through implementation strategy. All too often, however, these interventions are announced through the release of a white paper with subsequent follow up articles in the industry press but little or no thought given to how they are to be taken forwards by the businesses that are expected to change their working practices for the greater good of the industry and the wider economy.

This lack of communication with the industry's supply chains at the implementation stage conceals a deeper flaw in the policy making process however, which is the lack of involvement of the supply chain at the policy's development stage, where a better understanding of the needs of these businesses would ensure willing engagement when the policy is launched. This top down approach to policy making is by no means limited to the construction industry but because of the preponderance of micro SMEs in this sector, it is particularly damaging to any attempt to bring about the changes this industry needs to make to boost productivity, strive for Net Zero and increase the quantity and quality of the housing we build.

The goal of Inclusive Growth is therefore not only the way to make the best use of our workforce potential, it's also the way to ensure we can implement the changes we need to make. The real question now is now can we achieve this on the ground and overcome the well-rehearsed reasons why this 'hard to reach' sector has proven so difficult to influence in the past. Clearly, having a means of communication that allows the messaging to get through is key, which this project aims to establish, but there also needs to be a message that supply chain companies are going to be interested in hearing – one that recognises their concerns and sets out a strategy for dealing with them.

That knowledge, from prior research and also discussed in Appendix V, has led to a proposal for a regional housing and retrofit strategy that will meet all the demands listed above and deliver inclusive growth across all sectors of the construction industry.

Appendix vii: The consultation

Procurement Survey

1. Introduction

Consultation on further reforms to public procurement.

The stated aims of this consultation were to ensure that public procurement improves domestic competitiveness, strengthening the UK's economic resilience and supporting British businesses. It completed on 5th Sept. and the feedback is now being analysed. The proposals in the consultation aim to build on the changes introduced in the Procurement Act 2023 to ensure that public procurement plays its full role in delivering the Government's industrial strategy.

The questions asked and the answers given here (in RED) all build to support the case for the platform being developed to help SMEs engage with the procurement process and also make procuring from SMEs a more attractive prospect.

Introduction

Public procurement is a key lever in achieving the Government's missions. By sourcing goods and services that provide value for money, we can drive sustainable growth and empower local communities. Taxpayer money must champion British businesses and create good local jobs while protecting our national resilience and economic security. We expect leaders in contracting authorities to carefully consider how they approach the exercise of their procurement functions to best support the delivery of the Government's missions. This goes further than just thinking about how procurements are structured and contracts are delivered; to include how services are designed, whose voices are being heard as part of the commissioning process, how a community's needs are met, and how markets are created and managed to foster a competitive and dynamic local economy.

The Procurement Act 2023 (the 'Act') reformed the rules that govern the £385billion spent through public procurement every year. In line with the manifesto, the Government intends to use the Act to create a simpler and more transparent regime for public sector procurement that delivers better value for money, drives economic growth, and safeguards national interests.

The Act came into force on 24 February 2025 with a new National Procurement Policy Statement (NPPS) setting out the Government's strategic priorities for public procurement. The Act revoked the previous regulations, (i.e. the Public Contracts Regulations 2015, the Concession Contracts Regulations 2016, the Utilities Contracts Regulations 2016 and the Defence and Security Public Contracts Regulations 2011). However, some procurements will continue to take place under these 'previous rules'.

How to respond to this consultation

This consultation opens on 26.06.2025 and closes on 05.09.2025.

We invite you to respond to the questions in this consultation by 05.09.2025. If you have any queries in relation to completing the survey please email procurement.reform@cabinetoffice.gov.uk.

This consultation seeks feedback on whether the suggested proposals meet the intended policy ambitions as set out within the consultation. The majority of questions will ask respondents to state to what extent they agree or disagree with the question posed under each section. Respondents should reply using the following scale; strongly disagree, disagree; neither agree nor disagree; agree, strongly agree. If respondents wish to explain why they do or do not agree with the question, they have the opportunity to explain why they believe this to be the case.

For information on how the Cabinet Office will use and manage your data, please see the Cabinet Office's corporate Privacy Notice for public consultations here.

2. Actions implemented in central government

To support implementation of the NPPS, the Government has already introduced a number of new measures:

- All central government departments and their arm's length bodies (ALBs) will set three-year targets for direct spend with SMEs from 1 April 2025 (with targets for VCSEs to follow in 2026) and publish progress annually.
- Requiring departments to exclude suppliers from bidding for major contracts (+£5m) if they cannot demonstrate they pay their invoices in an average of 45 days.
- Publishing an update to the model for taking account of social value in central government procurement, streamlining the standard criteria and aligning with the five missions.
- Establishing a new online register of commercial agreements that will give contracting authorities better visibility of existing frameworks and the fees they charge, improving decision-making and ensuring value is maximised.

The Government is also considering giving Ministers powers to designate specific services, works or goods as critical to our economic security (e.g. to protect national supply chain resilience) and allowing them to direct contracting authorities to take this into account when considering whether the national security exemption in the Procurement Act 2023 applies to a particular procurement.

The proposals in this consultation aim to build on these measures to ensure that public procurement plays its full role in delivering the Government's industrial strategy and fostering a resilient economy that supports British businesses and creates good jobs in communities across the country. These reforms will enhance the UK's economic resilience and strengthen supply chains in line with the Government's industrial strategy. They will open up more opportunities for small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs), which are vital for driving the UK economy. This approach will enable public procurement to advance the national interest while respecting the UK's international trade commitments.

3. Proposals for consultation

Supporting small businesses and social enterprises

- Requiring large contracting authorities with spend over £100m p.a. to publish their own 3-year target for direct spend with SMEs and VCSEs and report against it annually, as well as extending spend reporting requirements.
- Requiring contracting authorities to exclude suppliers from bidding on major contracts (+£5m p.a.) if they cannot demonstrate prompt payment of invoices to their supply chains.
- Clarifying in primary legislation where it may be appropriate to award contracts for certain services delivered to vulnerable citizens without full competitive procedure, so that decisions can be driven by the needs of the individuals and vulnerable groups.

Supporting national capability

- Requiring contracting authorities to make a standard assessment before procuring a major service contract (+£5m) in order to test whether service delivery should be inhouse or outsourced.

Supporting local jobs and skills

- Requiring contracting authorities to set at least one award criteria in major procurements (+£5m) which relates to the quality of the supplier's contribution to jobs, opportunities or skills. Contracting authorities would need to apply a minimum weighting of 10% of the scores available, to social value award criteria.
- Requiring contracting authorities to set at least one social value KPI relating to jobs, opportunities or skills in major contracts (+£5m) and report on delivery performance against this KPI in the contract performance notice.
- Requiring contracting authorities to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector) in their procurement of public contracts.
- Allowing contracting authorities to specify the area in which the social value is to be delivered by choosing between the location of a contracting authority's area of responsibility, the location where the contract will be performed, or the location where the supplier is based.

Based on the feedback on these proposals and when parliamentary time allows, the Government intends to introduce legislation to amend the Act. As part of this process the government will also look to introduce minor technical amendments to the Act under this legislation.

Application

The Government anticipates that the reforms proposed in this consultation would only apply in respect of contracting authorities undertaking wholly or mainly reserved functions. We will continue to engage with the Welsh Government, Northern Ireland Executive and Scottish Government about the application of these proposed reforms.

4. Supporting small businesses and social enterprises

The Government proposes:

- **Requiring large contracting authorities with spend over £100m p.a. to publish their own 3-year target for direct spend with SMEs and VCSEs and report against it annually, as well as extending spend reporting requirements.**
- **Clarifying in primary legislation where it may be appropriate to award contracts for certain services delivered to vulnerable citizens without full competitive procedure, so that decisions can be driven by the needs of the individuals and vulnerable groups.**
- **Requiring contracting authorities to exclude suppliers from bidding on major contracts (+£5m p.a.) if they cannot demonstrate prompt payment of invoices to their supply chains.**

Small businesses are the lifeblood of our communities and play an essential role in delivering growth - 99.8% of businesses in the UK are small businesses and they employ over 60% of the British workforce. With public procurement accounting for around a third of total public sector spending, increasing spend with small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs) is a key lever for economic growth.

The Act provides greater flexibility to contracting authorities to design efficient, commercial competitions. It introduces a number of reforms which make it easier for SMEs and VCSEs to access public sector supply-chains and remove unnecessary burdens and costs, including:

- a duty on the face of the Act for contracting authorities to consider whether they can remove barriers to SME participation;
- greater visibility of upcoming public sector opportunities and early market engagement to explain requirements to better help SMEs and VCSEs prepare to bid;
- allowing contracting authorities to reserve lower value contracts for SMEs, VCSEs or UK suppliers so only they can bid for the opportunity;
- banning common barriers contracting authorities can use when setting criteria for procurements (e.g. requiring insurance to be in place before contract award);
- banning 'Pre-Qualification Questionnaires' in lower value procurements so that SMEs and VCSEs cannot be knocked out of the process at the first stage;
- requiring 30 day payment terms to apply throughout the public sector supply chain;
- requiring contracting authorities to publish their payment performance data in one place to allow comparisons across the public and private sector.

The Government wants to go further in support of the Plan for Change and reform procurement rules to give SMEs and VCSEs greater access to public contracts. By strengthening the participation of

SMEs and VCSEs, we can boost national resilience, enhance our supply chains, and create good local jobs that benefit communities across the country.

5. Targets for increasing procurement spend with SME and VCSEs

The Government proposes:

- Amending the Act to mandate large contracting authorities with procurement spend over £100m p.a. (which would include large councils, NHS Trusts, etc.) to publish their own 3-year target for direct spend with SMEs and VCSEs and report against it annually.

Authorities would be able to determine their own target in line with their categories of spend, however, in line with the National Procurement Policy Statement, the Government's expectation is that authorities should set stretching targets to increase spend with SMEs and VCSEs year on year. To support transparency and comparison across the public sector, data would be required to be published in one place (for example on the Central Digital Platform). The Cabinet Office would provide guidance on setting spend targets and reporting progress to support consistency. We are proposing that this measure would only apply to large contracting authorities with spend over £100m p.a. to align with the existing requirement to publish procurement pipelines and appropriately target those authorities with the greatest spend. There would be no financial penalty for not achieving the target.

The reporting of these targets will be supported by the transparency requirements under section 70 of the Act. Contracting authorities are currently required to publish information about any payment of more than £30,000 made by the authority under a public contract, within 30 days of the end of each quarter. The legal requirement to publish payment information under section 70 of the Act did not come into force when the new regime went live on 24 February 2025, but is expected to be commenced in due course.

To support implementation of section 70 and the proposals on spend targets, the Government is exploring how to digitally match payments held in finance systems to information about public contracts that have been published on the Central Digital Platform (CDP). This would automate the tracking of spend data against targets for contracting authorities and reduce reporting burdens. It would streamline the data collection process, ensure real-time updates, and facilitate better reporting capabilities, ultimately fostering a more transparent and accountable spending environment.

To align SME spend target reporting and payment reporting under section 70, the Government proposes:

- Extending the requirements of section 70 of the Act to ensure that information on all payments made under public contracts is published, effectively removing the current £30,000 threshold, and extending coverage of section 70 to include payments covered by notifiable below-threshold contracts.

A notifiable below-threshold contract is a regulated below threshold contract with (if it is being awarded by a central Government authority) a value of not less than £12,000 or (if it is being awarded by any other contracting authority) a value of not less than £30,000. A below-threshold contract is not notifiable if the contracting authority is a school, or if the contract is a concessions contract or a utilities contract.

Expanding the reporting requirements under section 70 of the Act to all payments made under public contracts would help to capture a more complete view of SME and VCSE spend and make it easier to report against spend targets. Going further and extending coverage of section 70 payments relating to notifiable below-threshold contracts would capture a wider set of SME and VCSE spend data.

6. Questions on supporting small businesses and social enterprises

1. To what extent do you agree or disagree that mandating large contracting authorities with spend over £100m p.a. to set 3-year targets for their procurement spend with SMEs and VCSEs and publish annual progress against these targets, would help increase spend with SMEs and VCSEs?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

This is a necessary requirement but must be aligned with measures that make procuring from SMEs easier or more appealing otherwise it becomes another barrier to overcome rather than a driver for change

2. To what extent do you agree or disagree that extending the requirements of section 70 of the Act to publish information on (i) all payments made under public contracts and (ii) payments under notifiable below-threshold contracts, would help increase spend with SMEs and VCSEs?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

Same concerns as above

7. Prompt Payment

Late payment of invoices is a significant problem for many businesses, including small businesses within public sector supply chains. Long payment terms and late payments can have a damaging knock-on effect on businesses' ability to manage their cash flow and plan for growth. In the worst cases it can threaten their survival. Late payment remains a significant issue in the UK, with £23.4 billion owed to SMEs with research showing that SMEs are on average owed £22,000 a year, and leads to 50,000 business closures per annum according to Federation of Small Businesses. Government departments are already required to pay their invoices within 30 days, and the majority pay over 80% of their invoices within five days, but the power of procurement can be used to improve standards across the board.

Current Government policy requires central government departments to ensure suppliers demonstrate that they pay their supply chain on time (the standard is 95% of invoices paid within 60 days, and within an average of 45 days overall) as a condition of bidding for major contracts (+£5m per annum). This has driven significant improvements in payment performance amongst Government's largest suppliers, with payment times improving by more than 20%. The Act now also implies 30-day payment terms into future contracts and subcontracts when they are part of the public sector supply chain.

The Government proposes:

- Amending the Act to require contracting authorities to exclude suppliers from bidding for major contracts (+£5m per annum) if they cannot demonstrate they pay their invoices within an average of 60 days. If contracting authorities do not exclude suppliers they will be required to provide an explanation.

Extending the current policy beyond central government organisations would ensure that more suppliers across the public sector are committed to paying their supply chains on time. The measure would be implemented on a 'comply or explain' basis so that authorities would not be required to apply it where they can demonstrate it would reduce competition or jeopardise value for money.

Unlike the terms implied by the Act, the proposed measure would take account of every invoice a business has paid, regardless of whether it forms part of a public supply chain, broadening the benefits of prompt payment across the entire economy. To maximise impact, this measure will also apply irrespective of whether the supplier is using a supply chain for a given contract, going beyond the current policy requirement for central government.

Linking performance to the average time taken to pay invoices, will make it easier to change the threshold downwards in the future, and drive future performance improvement. Starting at 60 days, rather than the current 45 days used by central government departments, will allow for performance improvement without impacting delivery of essential services.

Applying the measure only to contracts over £5m p.a. will target the measure towards larger suppliers with a supply chain, ensuring its application remains proportionate and aligned with the existing, well-established policy in central government. We would however provide a power for Ministers to amend these thresholds in the future.

8. Questions on prompt payment

---

3. To what extent do you agree or disagree that requiring contracting authorities to exclude suppliers from bidding on major contracts (+£5m per annum) if they cannot demonstrate prompt payment of invoices to their supply chains (within an average of 60 days) would help improve late payment by suppliers to the public sector?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

The average should be measured on the total value of invoices paid not the number. Too easy to pay the small ones and delay the big ones under this system.

9. People-focused services

People-focused public services, such as adult and children's care, are vital to our communities. These services are designed to address the needs of vulnerable users, ensuring that they receive high-quality support specific to their circumstances. When procurement focuses only on competition, the standards of these essential services can decline, negatively impacting the very individuals they are meant to serve.

The Act ensures that people-focused services benefit from significant flexibilities. This includes the user choice direct award justification which removes the potential conflict where there are legislative obligations for choice such as those in the Care Act 2014 and the Children and Families Act 2014 and the assumption of competition in the Procurement Act.

Recent feedback has indicated that more flexibility is needed when awarding contracts to deliver certain services to vulnerable individuals, particularly when the market is limited and services are needed within a limited geographical area. For example, stakeholders have asserted that competition in the children's homes and adult social care homes sectors is not delivering better commercial or user outcomes. It is crucial that we prioritise the interests and experiences of users in the design and delivery of these services to ensure better outcomes for everyone involved and we are keen to understand how we can improve procurement of these vital services.

The Government proposes:

- Clarifying in primary legislation where it may be appropriate to award contracts for certain services delivered to vulnerable citizens without a full competitive procedure, so that decisions can be driven by the needs of the individuals and vulnerable groups.

We are considering how we can best incorporate more flexibility into the procurement regime to ensure that these services can be procured in the best way. It could be to amend the scope of the Procurement Act or to amend provisions such as the user choice direct award justification or by making better use of frameworks and dynamic markets.

We want to help local authorities focus their resources on meeting user needs and building effective partnerships with local providers based on common values to create a supportive and enabling environment for users. We want to remove the unnecessary bureaucracy imposed on contracting authorities when the market conditions or sensitive nature of the requirement mean that a complex procurement process is not an efficient way to deliver the service.

These reforms aim to prioritise high-quality service delivery, allowing contracting authorities to make decisions that support market development, for example longer term contracts that increase market confidence (particularly for small businesses, charities and social enterprises) to invest in new properties. By reducing the focus on commercial procurement for these essential services, we can foster an environment where quality care and support take precedence, benefiting users of the services and where outcomes improve for users and communities alike.

10. Questions on people-focused services

---

4. To what extent do you agree or disagree that there should be flexibility for contracts for people focused services to be awarded without competition?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

The broadening of value to include social benefit was also meant to include environmental benefit. This was originally expected to capture all development, but this feels like it's been reduced to just those sectors where there is clear social need and will leave the majority of contracts to be awarded on financial up front cost alone.

11. Questions on people-focused services (cont'd)

---

5. Are there other services delivered to vulnerable citizens (beyond adult and children's social care) that warrant procurement processes not permitted in the Procurement Act 2023? Please include i) the CPV code where possible and description of the services; ii) the nature of the problem faced; iii) the optimal policy solution(s). [NB 2000 character limit]

6. Do you have any examples where people-focused services have been procured well? Do you have any suggestions for changes to the processes available under the Procurement Act or guidance that could improve procurement of these services? [NB 2000 character limit]

There is an argument for all social housing to be dealt with as a special need if we are to break the cycle of undersupply, mainly due to its delivery being dependent on the spec house builder's business model. This has never worked and never will. We need the two demands to be separated out with two distinct delivery models.

12. Supporting national capability

The Government proposes:

- **Giving Ministers powers to designate specific services, works or goods as critical to our national security and direct contracting authorities to take this into account when considering whether the national security exemption applies to a particular procurement to protect the UK's national interests.**
- **Requiring contracting authorities to make a standard assessment before procuring a major service contract (+£5m) in order to test whether service delivery should be inhouse or outsourced.**

In today's climate of global economic uncertainty, governments must bolster domestic resilience and protect national security. By prioritising vital sectors such as steel and defence, we can strengthen our supply chains and ensure that the UK can thrive in a competitive world. These reforms will recognise and reward the high quality and exceptional standards of British suppliers, ensuring taxpayer money supports businesses that do the right thing.

National security - economic security

Safeguarding economic security and strengthening domestic supply chains are more critical than ever. Disruptions in international markets have exposed vulnerabilities that threaten our national interests and overall stability. By prioritising the resilience of our supply chains, we can safeguard our national interests, strengthen our economy, create jobs, and ensure the integrity of our procurement processes. The protection of infrastructure and activities critical for the functioning or stability of our economy is one factor that may be relevant to the safeguarding of UK national security. The Government is of the view that in certain circumstances it is appropriate to take into account such matters in the application of the national security exemption (in paragraph 25 of Schedule 2 to the Act).

To protect the UK's national interests, the Government is considering giving Ministers powers to designate specific services, works or goods as critical to our economic security and direct contracting authorities to take this into account when considering the application of the national security exemption.

This primary legislation power would allow a Minister of the Crown to establish clear rules via secondary legislation for how these critical services, works, or goods are identified.

Where a service or product is designated as critical, contracting authorities would need to review their purchasing plans to assess any potential risks involved in depending on international suppliers. If there are significant concerns for national security, they could then use the national security exemption available under the Procurement Act 2023 and in line with our international agreements, including the WTO Agreement on Government Procurement. This exemption offers dispensation from the usual competitive bidding process and enables contracting authorities to directly contract with trusted suppliers. This targeted approach would enable us to make informed procurement decisions that protect vital industries, strengthen supply chains and ensure a stable supply of essential goods.

The government is not inviting public consultation on this proposal but will engage with relevant national security stakeholders as necessary.

13. Building commercial capability through sourcing decisions

Over the past few decades, outsourcing has been a primary method for delivering public services in the UK, with spending on outsourced services reaching around £146 billion in the 2022-2023 financial year—higher than the OECD average. This model involves contracting external suppliers for services previously provided by public sector teams, aiming to improve efficiency, reduce costs, and leverage private sector expertise.

However, while outsourcing has yielded benefits, it has also raised concerns regarding quality, accountability, and resilience. Issues have arisen about the extent of outsourcing, particularly for complex and critical services that are essential to government functioning and public accountability. These challenges highlight the need for more scrutiny and accountability in outsourcing decisions, prompting the government to advocate for a careful, case-by-case examination of whether to outsource or insource, emphasising cost-effectiveness, resilience, service quality, and public value.

In response, insourcing - where public sector bodies regain direct control of service delivery - has become a viable alternative. Insourcing improves accountability, service quality, and employment standards. Many local authorities have successfully insourced services like cleaning and repairs, leading to better outcomes for workers and communities.

Going forward, we want public sector bodies to take a long term view when deciding how best to deliver public services and develop sourcing strategies that formalise this. Sourcing strategies will enable public sector bodies to set out their operational delivery model, identify potential opportunities for insourcing and inform decisions on individual contracts as they expire. This can look at the diversity of delivery when there is outsourcing, including voluntary sector organisations, mutuals, social enterprises and SMEs. Importantly, they will enable an organisation to outline its vision for the future and avoid taking a piecemeal approach. Public sector bodies will use their sourcing strategy to identify any gaps in their capability, capacity, skills or culture that they need to have in-house, in order to make insourcing a success and implement their strategy over the medium term. The management focus, skills and capabilities required to transition a service in-house will be different from those required for the business as usual running of the service.

Before any service is contracted out, public bodies would be required to carry out a quick and proportionate public interest test, to understand whether that work could not be more effectively done in-house. The test will evaluate value for money, impact on service quality and economic and social value goals holistically.

The public interest test will be a series of questions that the authority must answer to help inform its decision on the appropriate delivery model. This is likely to include (but not limited to):

- appropriate in-house capability;
- evidence of cost savings or service quality improvements;
- whether the service is core to the organisation's objectives;
- need for greater control or accountability over the service;
- whether the service is a government created market; and
- whether the existing contract/service is performing as expected.

We would require the outcomes of the public interest test to be published to provide transparency.

Where the public interest test suggests the service is a good candidate for insourcing, the contracting authority should then undertake a delivery model assessment in the usual way to decide the details of how best to deliver the service.

14. Building commercial capability through sourcing decisions (cont'd)

We recognise that not all outsourced service contracts will be covered by the definitions in the Act (e.g. wholly owned subsidiaries such as Local Authority Trading Companies) and invite views as part of this consultation on any additional contracts that should be in scope for the public interest test. We are also interested in views on the types of contracts that should be in scope to ensure an appropriate size (e.g. +£5m) and complexity of service is covered.

The Government proposes:

- Primary legislation to amend the Act to mandate contracting authorities to carry out a public interest test prior to making a sourcing decision on major service contracts (+£5m).
- Secondary legislation under the Act to require contracting authorities to publish the results of the public interest test in the tender notice.

15. Questions on supporting national capability

---

7. To what extent do you agree or disagree that contracting authorities should be required to undertake a public interest test and publish it when making sourcing decisions?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

Like so many other demands of this nature, unless there's a direct benefit to a Contracting Authority in declaring there to be a 'public interest' it will be an uphill struggle to get any engagement with this. On-shoring only becomes interesting to individual businesses when it's of regional benefit, so this should be part of Combined Authorities' strategic planning through their devolved powers.

16. Supporting good quality, local jobs and skills

The Government proposes:

- **Requiring contracting authorities to set at least one award criteria in major procurements (+£5m) which relates to the quality of the supplier's contribution to jobs, opportunities or skills. Contracting authorities would need to apply a minimum weighting of 10% of the scores available, to social value award criteria.**

- **Requiring contracting authorities to set at least one social value KPI relating to jobs, opportunities or skills in major contracts (+£5m) and report on delivery performance against this KPI in the contract performance notice.**
- **Requiring contracting authorities to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector and suppliers) in their procurement of public contracts.**
- **Allowing contracting authorities to specify the area in which the social value is to be delivered by choosing between the location of a contracting authority's area of responsibility, the location where the contract will be performed, or the location where the supplier is based.**

In the National Procurement Policy Statement, the Government set out that contracting authorities should deliver social and economic value that supports the Government's missions, particularly good quality jobs, opportunities and skills to boost productivity and economic growth. In addition, the NPPS encourages greater collaboration at the local level and between central and local government. Social value should not be about tactical 'tick-boxing'. It must be aligned to actual need. That means working collaboratively to identify those who are furthest from the labour market, such as those with long term health conditions, care leavers, prison leavers and young people with additional needs, and opening up jobs and skills opportunities to them so they can engage in the labour market.

Currently award criteria, including social value award criteria, must relate to the subject-matter of the contract and be a proportionate means of assessing tenders. The Public Services (Social Value) Act 2012 requires certain contracting authorities to "consider how what is being procured might improve the economic, social and environmental well-being of the relevant area".

17. Supporting good quality, local jobs and skills (cont'd)

Strengthening and streamlining social value

The success of many of the government's goals, such as creating good jobs, meeting the needs for skilled workers and reducing economic inactivity depends on how suppliers work with their staff, suppliers and communities. Therefore, the government should ensure that the suppliers it works with align with these goals by providing good jobs with decent pay, conditions and security, making it easier for people to return to work, and offering training when delivering its contracts. Making social value a mandatory requirement in contracts would reward suppliers who support these national aims. However, it is vital to find a balance that maximises benefits without placing unnecessary burdens on suppliers and increasing cost of delivery.

Many authorities have successfully used social value in procurement, and suppliers have responded positively. However, industry representative bodies still report too frequently that SMEs find social value requirements difficult to navigate and that performance is poorly managed. This needs to change. The Government wants to improve this by streamlining social value efforts, focusing on the most impactful contracts, increasing transparency on the delivery of commitments, and concentrating on those outcomes that are crucial for success. The Government wants to see more meaningful dialogue with suppliers and the proper management of social value delivery.

The Government proposes:

- Requiring contracting authorities to set at least one award criteria in major procurements (+£5m) which relates to the quality of the supplier's contribution to jobs, opportunities or skills. Contracting authorities would need to apply a minimum weighting of 10% of the scores available, to social value award criteria.
- Requiring contracting authorities to set at least one key performance indicator on social value delivery relating to jobs, opportunities or skills in major contracts (+£5m) and report on progress against this in the contract performance notice.
- Requiring contracting authorities to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector) in their procurement of public contracts.

These proposals would strengthen the rules by making social value award criteria mandatory but focus these requirements on the national priorities of jobs, opportunities and skills, in those places and for those people that need them the most. We acknowledge that sometimes it may not be reasonable for contracting authorities to set such social value award criteria and key performance indicators (KPIs); in this case, they would need to explain why in the tender notice. Further, this approach improves supplier accountability by connecting social value commitments to clear, measurable indicators and allows the public to track progress.

The Government intends to develop a new social value tool that provides a much simpler, streamlined set of award criteria and metrics (and where appropriate, economic values for these metrics). Recognising the range of expertise that already exists, this new tool would be co-designed with local government and the wider public sector. To make bidding and reporting easier, the government proposes requiring contracting authorities to select from these standard social value criteria and metrics in their procurement of public contracts (i.e. above threshold). Contracting authorities would be able to apply additional criteria and metrics to meet local priorities if these were not covered by the standard set.

18. Supporting good quality, local jobs and skills (cont'd)

Strengthening and streamlining social value cont'd

Furthermore, section 23 of the Procurement Act 2023 requires that all award criteria must relate to the contract's subject matter. This rule prevents authorities the flexibility of targeting social value delivery to where it is most needed. To address this, we are proposing measures which will remove this restriction in specified circumstances, to allow contracting authorities to define social value award criteria based on specific locations, while taking into account fair and equal treatment of suppliers.

Where social value is delivered

The Government wants social value that is effective; based on local intelligence about what will boost productivity and economic growth regionally and build on local partnerships e.g. with local anchor institutions to deliver the skills needed. However, the current definition of 'relevant area' under the Public Services (Social Value) Act 2012 restricts social value outcomes to the location of the contracting authority. In central government contracts, this limitation inhibits suppliers' ability to build valuable and sustained local relationships and networks that are crucial for creating jobs and developing skills.

The Government proposes:

- Allowing contracting authorities to specify the area in which the social value is to be delivered by choosing between: the location of a contracting authority's area of responsibility, the location where the contract will be performed or the location where the supplier is based.

Contracting authorities would still need to specify the social value outcomes that they seek. This new flexibility would help contracting authorities, especially central government departments, use their contracts to support local goals as set out e.g. in Economic Growth Plans. This change will allow suppliers to form partnerships and engage with communities beyond the contracting authority's immediate area. We expect this flexibility to be used mainly by authorities whose spending is not linked to a specific location. In line with the UK's international trade obligations, authorities would need to ensure that they ensure fair and equal treatment of suppliers, including treaty state suppliers.

19. Questions on supporting good quality, local jobs and skills

---

8. To what extent do you agree or disagree that requiring authorities to set an award criteria which relates to the quality of the supplier's contribution to jobs, opportunities or skills for all public contracts over £5m and with a minimum evaluation weighting of 10%, will help to deliver social value that supports economic growth?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

Again, there needs to be solutions that show where the benefits are in doing this for the individual business. If it means securing a trained workforce in the region, or gaining access to a wider labour pool these are positives that will provide the carrots alongside the 10% stick.

20. Questions on supporting good quality, local jobs and skills (cont'd)

---

9. To what extent do you agree or disagree that, where authorities have set social value award criteria relating to jobs or skills, mandating that they also set at least one KPI on social value delivery, and subsequently report performance against a social value KPI (published in the contract performance notice), will support transparency of progress against social value commitments?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

21. Questions on supporting good quality, local jobs and skills (cont'd)

---

10. To what extent do you agree or disagree that requiring contracting authorities to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector and suppliers) in their procurement of public contracts will help to deliver social value in a proportionate manner?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

I have designed a set of metrics that deliver this for the construction industry but they include the negatives as well as the positives. If you don't do this it will be seen for what it is – a coercive attempt *to bring about change without providing all the facts businesses need to make their own informed choices that will benefit them too.*

11. To what extent do you agree or disagree that contracting authorities should be permitted to define the geographical location of where social value will be delivered as described above? Do you have any suggestions for innovative ways of delivering social value including by creating more flexibility in the current requirements in the Act on relevance and proportionality?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here. [NB 2000 character limit]

I agree that how it is defined should be relaxed, but still feel there is a benefit to be gained in driving this as a regional challenge which would need there to be some clear advantage in moving towards shorter simplified supply chains where possible.

22. About you

---

12. Please tell us about yourself. *

First name *

Last name *

Job Title *

13. What is your email address? *

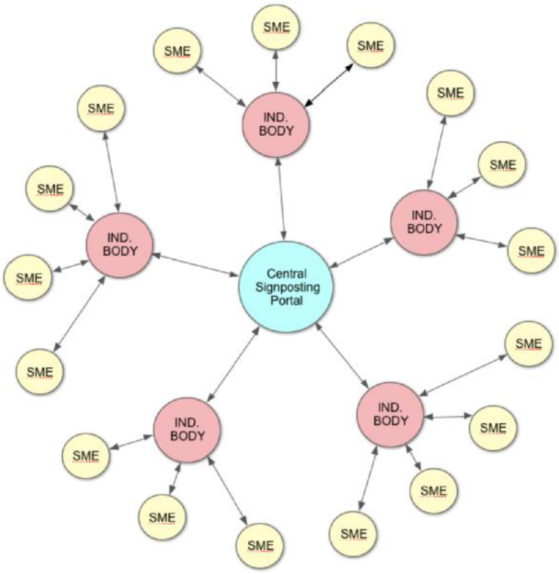
14. Are you responding as a private individual or do you work for an organisation concerned with public procurement? *

- Individual
- Organisation

Appendix viii: Powerpoint guides to the questionnaires

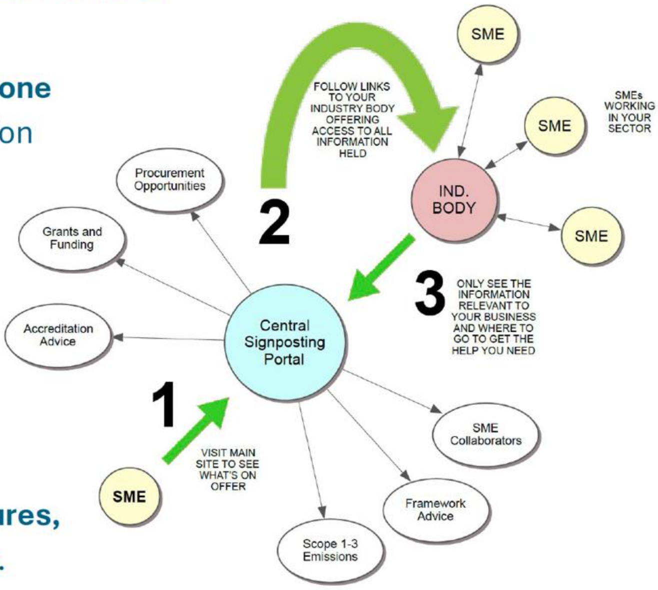
What's the business model that will keep this alive?

- The way to reach SMEs is through the many **industry bodies** who support you.
- Industry bodies will serve as entry points for SMEs to access the **central resource**, enabling us to **tailor the information** to each sector based on the industry body you belong to.
- In return , Industry Bodies get **new members** directed to them to gain access.
- EMCCA then takes a **nominal percentage** from each of their membership fee incomes to help maintain the site.



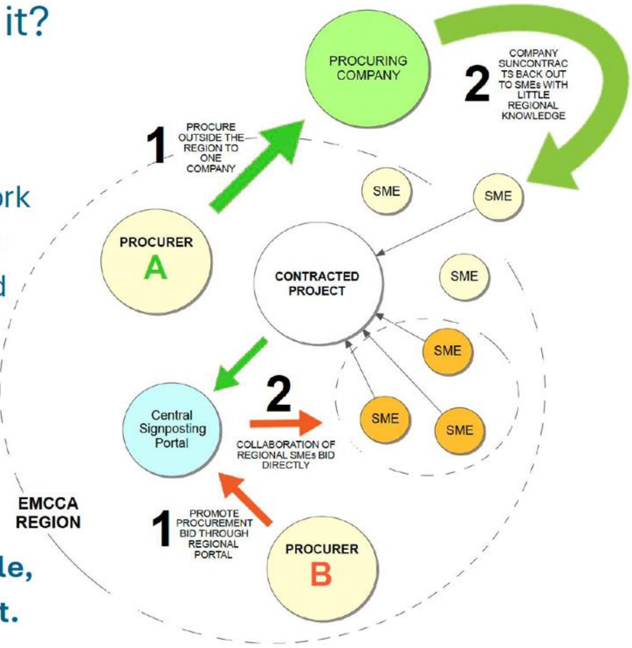
How would SME's access this resource?

- The central site can be visited by **anyone but with limited access** to information held there.
- To gain **full access** to the detailed information, the SME has to enter **via an industry body** website that they are a member of.
- Full access will include information about **procurement contracts, frameworks, accreditation procedures, other SMEs to collaborate with**, etc.



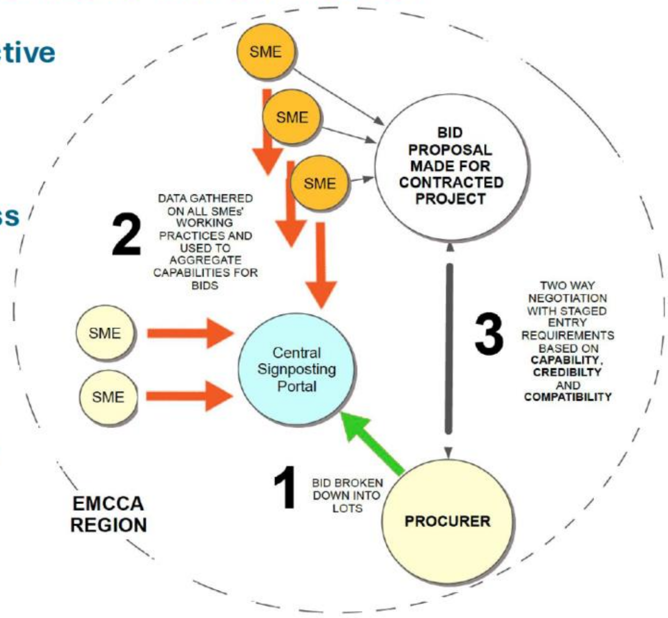
Why would procurers want to use it?

- Procurers want to procure **more locally and more directly (Procurer B).**
- However, it is often **easier** for them to work with **larger national** firms, which may be more proficient at navigating the required processes but can also be **more expensive.**
- There is also a drive from combined authorities to encourage more **regional collaboration** to drive local economies and make procurement **more sustainable, more resilient, and more self-sufficient.**



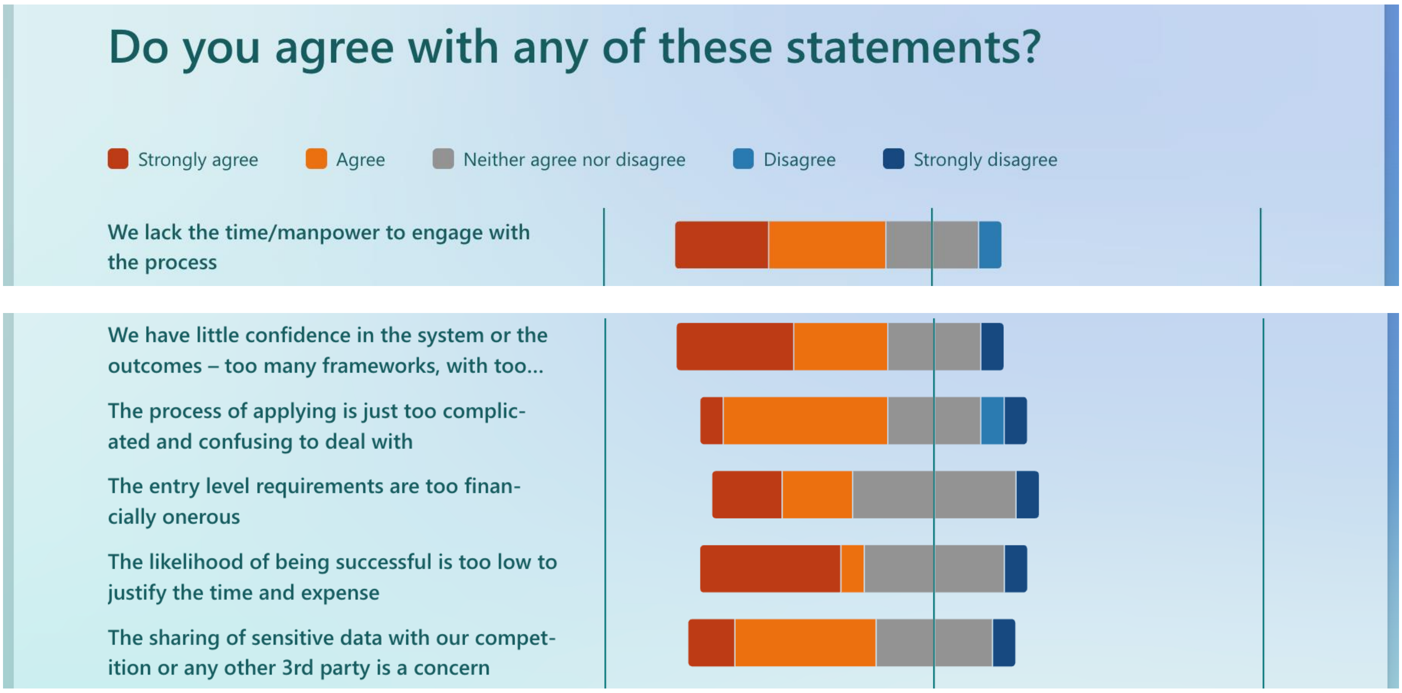
How can this make it easier for SMEs to win contracts?

- We want to make SMEs **more attractive** to procurers.
- We need to get you up to speed by making the process **easier to access and less expensive** up front.
- We also want to find a way to **aggregate your capabilities** so that you can work together to meet bid requirements without needing a middleman to act for you.

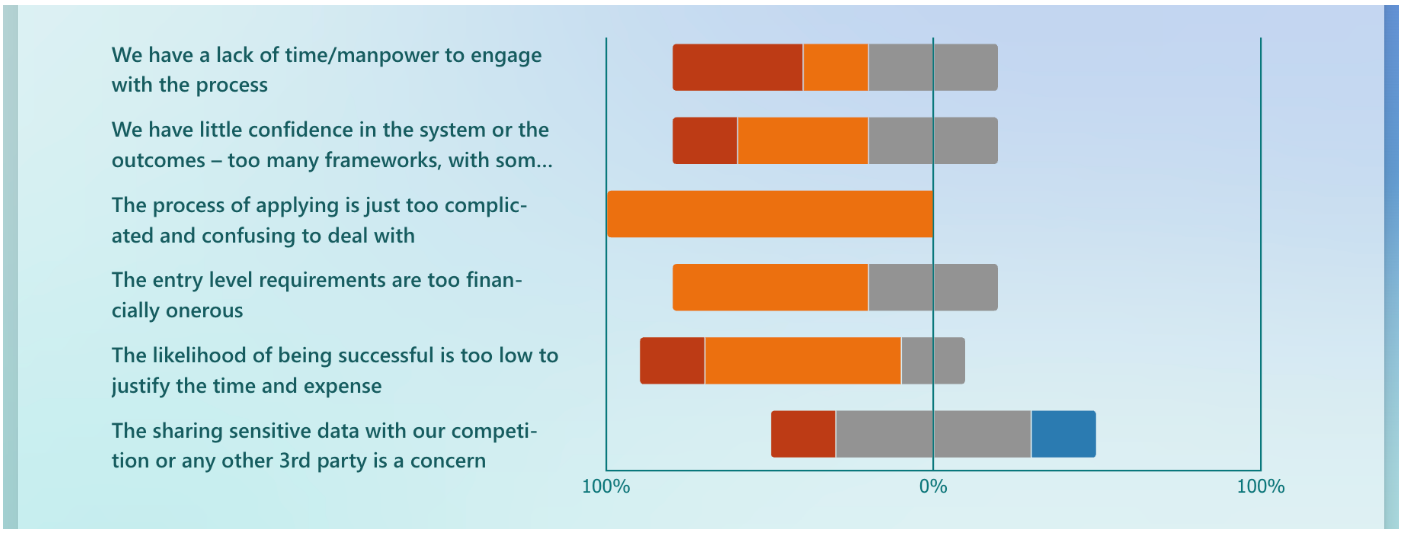


Appendix ix: SME feedback

Feedback received from discussions and from the questionnaires sent out to SMEs in the region has helped inform the functionality of the platform being created. Analysis of this data is ongoing as more questionnaires continue to arrive.



The same questions asked only to SMEs in the Construction Sector received stronger responses:



But there was no one who felt they had no need to engage with the procurement process.

Many of the additional questions asked were to gain a better understanding of individual businesses working practices to inform the software programme being developed to allow it to match companies with both the procurement bids on offer and to other SMEs for collaborative purposes. The feedback from these questions was found to be too superficial to be of any real benefit and a further questionnaire was devised to get a more complete picture, based on a taxonomy of industry processes found within the construction industry.

This is now being trialled with a view to it forming part of the enrolment process where SMEs access the central signposting site via their Industry Body's website. Recognising this as the type of barrier to engagement this project is trying to remove however, further discussions have been had with the trial group of SMEs about what would be an acceptable level of information to ask for and what would incentive them to provide it.

The known incentive is some form of immediate payback, whether that be financial or in a guarantee of future work, neither of which are currently viable or feasible options. What can be offered however is immediate anonymised benchmarking against other SMEs and also against the requirements of bids within their sector. This is on genuine interest and benefit to most businesses and easy to generate and maintain through the software being developed.

SMEs live or die through their reputations and quality of service is critical to this, but the procurement process in its current form often bars them from entry on financial or accreditation grounds before this can even be considered.

EAST MIDLANDS INVESTMENT ZONE SPRINT

Capability Survey to be completed by SMEs on first entry to the Signposting Service:

Before we take you to the Central Signposting Portal, we need to know more about your business so we can filter the sites you'll be shown and make sure they're all relevant to your sector. In return we will send you:

- a report benchmarking your business against other regional SMEs operating in your sector,
- a percentage fit for your business against all of the bids currently open that are relevant to you
- advice on how to 'fill in the gaps' to make your business a more appealing prospect to procurers
- suggestions about what other regional SMEs you could collaborate with to answer any bid as a partnership
- or what bids you could answer were you to collaborate with another SME of your choosing.

Everything you might need to know more about can be found from this site, but nothing is held here or replicated from elsewhere - this is just a one-stop-shop point of reference, and if there's anything missing, tell us and we'll make sure it gets added. This is a resource that has been developed by the East Midlands Combined County Authority (Nottinghamshire and Derbyshire) to help us make better use of our regional skills base and grow our regional economy. It is financed by 1% of your membership fees to the Industry Body you used to enter the site from. The more it is used, the more beneficial it will become, for SMEs, for Procurers and for the East Midlands.

The following questions are under three headings of:
Capability - what you do and where you do it
Credibility - what accreditations and insurance you have
Compatibility - where you fit and how you operate

Nothing we ask for is seen to be sensitive information, but only give answers you feel comfortable sharing.

Capability

what you do, where you do it . . .

1. Company Name *

Enter your answer

2. Company Registration Number (optional)

Enter your answer

3. Company Address *

4. Contact Name

Enter your answer

5. Company Phone Number *

Enter your answer

6. Company Email *

Enter your answer

7. Company website

Enter your answer

8. Business Description *

Enter your answer

Credibility

What accreditations you hold

9. Size of company - how many employees? *

Enter your answer

10. What is your geographical reach? *

- ◯ Local
- ◯ Regional
- ◯ National

11. What level of PI Insurance do you hold?

Enter your answer

12. What level of Public Liability Insurance do you hold?

Enter your answer

13. What level of Employers Liability Insurance do you hold?

Enter your answer

14. What level of Product Liability Insurance do you hold?

Enter your answer

15. What level of All Risks Insurance do you hold?

Enter your answer

16. What level of Plant Hire Insurance do you hold?

Enter your answer

17. What Health & Safety accreditations do you hold? (CHAS, SafeContractor, Constructionline (SSIP), SMAS, Acclaim, Altius, etc. *

Enter your answer

18. What Quality, Environmental & Management Systems accreditations do you hold? (ISO 9001 – quality management, ISO 14001 – environmental management, ISO 45001 – occupational health & safety management, ISO 27001 – information security, etc.) *

Enter your answer

19. What Trade/Competency Certifications do you hold? (CSCS Cards, CPCS / NPORS, NICEIC / Gas Safe / F-Gas / OFTEC, etc.) *

Enter your answer

20. What Corporate Responsibility / Supply Chain accreditations do you hold? (Considerate Constructors Scheme (CCS), Social Value & Sustainability accreditations – e.g. BS 8903, Carbon Trust Standard, PAS 2080 etc.) *

Enter your answer

21. What Industry Bodies are you a member of? *

such as Trade Bodies, Professional Institutions, Regulatory Bodies, Skills Training, Advisory Bodies for Sustainability, Offsite Manufacturing, etc.

Enter your answer

Compatibility

Where you fit and how you operate

22. What Sectors do you work in?

- ☐ Residential
- ☐ Non-residential
- ☐ Public Sector
- ☐ Private Sector
- ☐ New build
- ☐ Retrofit

23. What is your role in the construction industry

- ○ Professional Body supporting the sector
- ○ A Supply Chain provider of materials or products
- ○ A Construction or Fabrication company

24. What are your unique selling points (USPs) or what areas do you excel in? *

Enter your answer

25. What kind of machines, equipment and tools do you use in your business? *

These next questions will help us connect you to the projects you either bid for alone or in partnership with another organisation. Select the sectors that are relevant to your business and then complete those sections

- [ ] Demolition, site clearance and recovery
- [ ] Material Preparation
- [ ] Assembly and Fabrication
- [ ] Finishing and Surface Treatment
- [ ] Quality Control and Testing
- [ ] Packaging and Storage
- [ ] Material Handling and Logistics

26. Demolition, site clearance and recovery?

- ○ Crushers
- ○ Screeners
- ○ Excavators
- ○ Shredders
- ○ Hazardous waste removal
- ○ Other

27. Material Preparation?

- ☐ Cutting machines (metal, timber, plastics, glass)
- ☐ Saws (band saws, panel saws, crosscut saws)
- ☐ Sheet metal guillotines
- ☐ Plasma cutters / Laser cutters
- ☐ Wood chippers / planers
- ☐ Other

28. Assembly and Fabrication?

- ☐ Welding equipment (MIG, TIG, spot welders)
- ☐ Screw/bolt/nail guns
- ☐ Hydraulic presses
- ☐ Fixtures and jigs (for consistency in modular builds)
- ☐ Robotic arms / automated fabrication lines
- ☐ Other

29. Finishing and Surface Treatment?

- ○ Painting and powder-coating booths
- ○ Sanding/polishing machines
- ○ CNC routers (for detailed finishes)
- ○ Edge banding machines (joinery work)
- ○ Other

30. Quality Control and Testing?

- [ ] Dimensional scanners / laser measurers
- [ ] Moisture meters (for timber)
- [ ] Electrical testers / circuit analyzers
- [ ] Pressure testers (for plumbing systems)
- [ ] Other

31. Packaging and Storage?

- [ ] Shrink wrapping machines
- [ ] Strapping tools
- [ ] Pallet wrapping machines
- [ ] Racking systems
- [ ] Barcoding & RFID systems
- [ ] Other

32. Material Handling and Logistics?

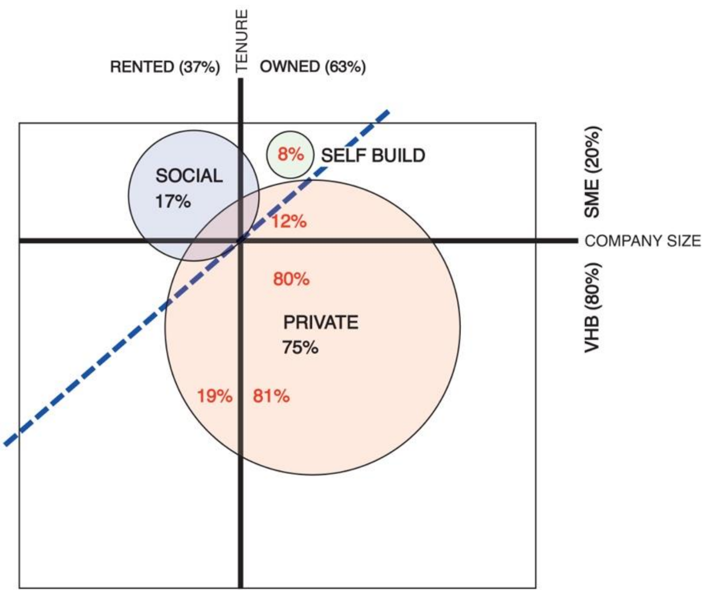
- ○ Overhead cranes
- ○ Conveyor belts
- ○ Forklifts / pallet jacks
- ○ Automated guided vehicles (AGVs)
- ○ Other

Appendix x: Procurer feedback

As with many government initiatives, the Procurement Act 2023 is primarily aimed at Public Sector procurement projects, with the hope that the private sector will follow suit at some point once the 'shift in culture' has been established. This is a pragmatic approach to Change Theory that starts where there will be the least resistance, or in this case, in the sector where it is easiest to dictate the changes being promoted.

Regionally, public sector procurement rests with our four Local Authorities. Our Universities are technically private sector organizations despite their considerable public funding and regulation, so sit between the LAs and the private sector Tier 1 companies in how we're approaching this. Because we're focused initially on the construction industry, Housing Associations are integral to how procurement works in this sector, and discussions were had with NCHA (Nottingham Community Housing Association) to better understand how they saw the issues around procuring from SMEs.

In this market there has been a drift towards fewer larger house builders and towards private sector provision over social housing from either LAs or Housing Associations.



SME builders have struggled to compete for tenders, largely due to the fact they don't have the profit from land banks to fall back on. Those that are managing to stay competitive do so by bringing small sites with planning permission to NHCA as a complete package. Tenders on the other hand only get answered by the larger developers who are familiar with the bidding process and have a department dedicated to applying for them.

Those larger developers, like tier one companies in general, can be based either within or outside our region and operate either regionally or nationally, making for four categorisations. To procure more locally, as they have all been encouraged to do through the Social Value Act 2012, many national companies have regional satellite offices, whilst some tier one companies based within the region may well operate extensively elsewhere, making location a less straightforward benchmark of regional benefit. The more critical factor is the value added by their involvement in the procurement process, or conversely, the degree to which their involvement disproportionately strips out the profit from the contract for the role they play. This ‘institutionalised waste’ is what simplifying and shortening our supply chains can potentially reduce.

Willmott Dixon is an example of a national developer with a strong regional presence and a commitment to procuring 85% of its contract value from SMEs. This is embedded in an ethos that reaches back to the 1970s and reflects a genuine belief in social and environmental value.

“It is easy for the company to concentrate solely on its proclaimed activity, with little or no reference to the environment and society of which it forms a part. At Willmotts we have, for a long time, recognised our responsibility to help wherever the advice or services of our employees can be of use. To this end, we provide aid, not only in financial terms, but also in the service of our employees to many organisations.” Peter Willmott, 1978

Other national companies have set up satellite offices to improve their score when bidding for local projects, which means work for local SMEs, but still runs the risk of reducing the contract value disproportionately for the role they play if they are subcontracting out the whole project and only managing that process.

Disrupting this market therefore has two objectives: To localise the procurement process so that more work stays within the region and to reduce the hierarchical structure to ensure more of the project cost is left for delivering the works rather than being spent on managing overly complex contractual agreements. There are many small enterprises that have recognised the need for this bridge between procurers and SMEs providers who can be both lean and local in delivering the same service but for a fraction of the cost.

Some of these have been involved in the shaping of this platform to make sure it can integrate with those services being offered, and be used by them to reach more SMEs to either advise or become a collaborating partner on a bid. It is clear that their role is pivotal in how the procurement process can be streamlined to work more efficiently and economically and this platform needs to enhance that role, not replace it.

Go 4 Growth, Gill Askew.	https://go4growth.co.uk/
Efficiency East Midlands, Shannon Brown	https://eem.org.uk/
Roecliffe Marketing, Simon Bracewell	https://roecliffemarketing.com/
ARC Partnership, Chris Clarke	https://www.arc-partnership.co.uk/
Innoscope Ltd, James Butcher	https://www.emc-dnl.co.uk/our_members/innoscope-ltd/

Data gathered from Procurers from the questionnaire sent out was from too small a cohort to be of any relevance at this stage. Responses were also skewed towards those who are actively engaged with trying to procure more from regional SMEs, meaning for them at least the general statements being tested did not reflect their company ethos.

Appendix xi: Industry Body feedback

Construction Industry Bodies:

A taxonomy of Industry Support Bodies was developed that categorises these by the role they play in providing advice and information to SMEs. The aim is to involve all of the main providers so that all aspects of support are covered for the sector being targeted. Some of these will be generic to all sectors whereas others listed here are specific to the construction industry.

Those that have been contacted (in RED) to discuss the business model being proposed saw it as a viable solution to a known problem and have all helped to disseminate the questionnaire amongst their members. To progress this further however requires the support of EMCCA through endorsement of the platform to give it the credibility needed to ensure broader industry engagement.

Error! Reference source not found. **Taxonomy**

- Trade Bodies
- Professional Institutions
- Skills and Training Bodies
- Regulatory & Standards Bodies
-
- Umbrella & Cross-Sector Organisations
-
-
- Sustainability and Innovation Bodies
-
- Client and Procurement Groups
- Key Bodies Dedicated to Offsite / MMC

Trade Bodies

General Construction & Building

Federation of Master Builders (FMB) – Represents small to medium-sized building firms across the UK. Markel UK

National Federation of Builders (NFB) – One of the UK's longest-standing trade federations, connecting and scaling construction businesses since 1880. Builders

Home Builders Federation (HBF) – Represents private sector homebuilders in England and Wales.

Constructing Excellence – A platform for industry improvement through collaboration and innovation.NetRegs+16Build UK+16Wikipedia+16

Construction Industry Trade Alliance (CITA) – A UK trade association for the construction and building industry. cita.co.uk

---

🧱 Materials, Products & Manufacturing

Construction Products Association (CPA) – Represents manufacturers and suppliers of construction products and materials. Construction Products Association+1NetRegs+1

Mineral Products Association (MPA) – Covers aggregates, cement, asphalt, and concrete producers. Markel UK+5Wikipedia+5hhcelcon.co.uk+5

Brick Development Association (BDA) – Represents the clay brick and paver industry.

British Woodworking Federation (BWF) – Represents the woodworking and joinery manufacturing industry. Wikipedia

British Adhesives and Sealants Association (BASA) – Represents the adhesives and sealants industry.

British Coatings Federation (BCF) – Represents the decorative, industrial, and powder coatings sectors.

British Aggregates Association (BAA) – Represents independent quarry operators.

Bathroom Manufacturers Association (BMA) – Represents bathroom product manufacturers.ibp.org.uk+3NetRegs+3Wikipedia+3

🔧 Specialist Trades & Services

National Federation of Demolition Contractors (NFDC) – Represents demolition contractors across the UK.

National Access and Scaffolding Confederation (NASC) – Represents scaffolding and access companies. Wikipedia

Structural Timber Association (STA) – Represents the structural timber industry.Planning, Building & Construction Today

Contract Flooring Association (CFA) – Represents the flooring industry.

British Automatic Fire Sprinkler Association (BAFSA) – Promotes the use of automatic fire sprinkler systems.Planning, Building & Construction Today

British Urethane Foam Contractors Association (BUFCA) – Represents the spray foam industry.

Association for Specialist Fire Protection (ASFP) – Focuses on passive fire protection.

Fire Industry Association (FIA) – Represents the fire protection industry.Construction Products Association

---

⚡ Building Services & Engineering

Building Engineering Services Association (BESA) – Represents building engineering services contractors. Construction Products Association

Electrical Contractors' Association (ECA) – Represents electrotechnical and engineering services companies. Wikipedia

Federation of Environmental Trade Associations (FETA) – Represents the heating, ventilation, air conditioning, and refrigeration industry.NetRegs

British Electrotechnical and Allied Manufacturers Association (BEAMA) – Represents manufacturers of electrical infrastructure products.Wikipedia

Chartered Institute of Plumbing and Heating Engineering (CIPHE) – Represents plumbing and heating professionals.

🧰 Merchanting, Distribution & Supply Chain

Builders Merchants Federation (BMF) – Represents and supports builders' merchants and suppliers.hhcelcon.co.uk

British Constructional Steelwork Association (BCSA) – Represents the structural steelwork sector.Designing Buildings+6ibp.org.uk+6Construction Industry Council+6

British Adhesives and Sealants Association (BASA) – Represents the adhesives and sealants industry.

🧱 Sector-Specific & Niche Bodies

Glass & Glazing Federation (GGF) – Represents companies involved in glazing.

Guild of Architectural Ironmongers (GAI) – Represents architectural ironmongery professionals.

Guild of Builders and Contractors – Represents small to medium-sized building contractors.

Association of Project Safety (APS) – Focuses on health and safety risk management in construction.

National Association of Shopfitters (NAS) – Represents shopfitting and interior contracting companies.

📋 Umbrella & Cross-Sector Organisations

Build UK – Represents the contracting supply chain and promotes collaboration.

Construction Industry Council (CIC) – A representative forum for professional bodies in the construction industry.Wikipedia+3Construction Industry Council+3NetRegs+3

Construction Products Association (CPA) – Represents manufacturers and suppliers of construction products.

Professional Institutions

🏗 General Construction & Project Management

Chartered Institute of Building (CIOB) – The world's largest and most influential professional body for construction management and leadership. CIOB+1Maxim Recruitment+1

Association for Project Management (APM) – The chartered body for the project profession, promoting project management across all sectors, including construction.

🧱 Architecture & Design

Royal Institute of British Architects (RIBA) – The UK's chartered body for architects, promoting excellence in architecture.

Chartered Institute of Architectural Technologists (CIAT) – Represents professionals specializing in architectural technology.CIOB

Chartered Society of Designers (CSD) – A professional body for designers across various disciplines, including architectural design.

📐 Surveying & Cost Management

Royal Institution of Chartered Surveyors (RICS) – A global professional body promoting and enforcing the highest international standards in the valuation, management, and development of land, real estate, construction, and infrastructure.

Chartered Institution of Civil Engineering Surveyors (CICES) – Specializes in civil engineering surveying and commercial management.

Institute of Clerks of Works and Construction Inspectorate (ICWCI) – Supports quality inspection professionals in construction. Maxim Recruitment

---

🏗️ Engineering & Building Services

Institution of Civil Engineers (ICE) – An independent professional association representing civil engineers worldwide. Maxim Recruitment

Institution of Structural Engineers (IStructE) – Represents structural engineering professionals, promoting excellence in structural design.

Chartered Institution of Building Services Engineers (CIBSE) – Supports building services engineers in the UK and internationally.

Institution of Mechanical Engineers (IMechE) – Represents mechanical engineers, including those in the construction sector.

Institution of Engineering and Technology (IET) – A multidisciplinary professional engineering institution, covering electrical, electronic, manufacturing, and information systems sectors.

🚧 Transportation & Infrastructure

Chartered Institution of Highways and Transportation (CIHT) – Focuses on transportation infrastructure and development.

Permanent Way Institution (PWI) – Caters to professionals involved in railway infrastructure.

🌿 Environment, Sustainability & Waste

Chartered Institution of Water and Environmental Management (CIWEM) – Supports professionals in water and environmental management.Wikipedia

Chartered Institution of Wastes Management (CIWM) – Represents waste management professionals.

🔧 Specialist & Cross-Disciplinary Bodies

Chartered Association of Building Engineers (CABE) – Represents building engineers, focusing on the design, construction, evaluation, and maintenance of buildings.

Society of Construction Law (SCL) – Aims to promote the study and understanding of construction law and its impact on the construction industry.

Institute of Workplace and Facilities Management (IWFM) – Supports workplace and facilities management professionals.

🏛️ Umbrella & Collaborative Organisations

Construction Industry Council (CIC) – The representative forum for professional bodies, research organizations, and specialist business associations in the UK construction industry. CIPHE+5Construction Industry Council+5Construction Industry Council+5

Skills and Training Bodies

🏛️ National Skills & Training Authorities

Construction Industry Training Board (CITB)
The primary industry training board for construction in the UK, offering funding, standards, and a national training directory. CITB

Engineering Construction Industry Training Board (ECITB)
Focuses on skills development in engineering construction, investing approximately £28 million annually to enhance skills across the industry. ECITB

Institute for Apprenticeships and Technical Education (IfATE)
Develops and maintains occupational standards for apprenticeships and technical education. Wikipedia

---

🧰 Approved Training Organisations (ATOs) & Providers

CITB Approved Training Organisations (ATOs)
A network of accredited providers delivering CITB-recognized training across the UK.

Workforce Skills Support
An accredited training provider offering a range of construction training courses nationwide. atsgroupuk.co.uk

Pragmatic Consulting
A CITB Approved Training Provider dedicated to delivering high-quality construction industry training. atsgroupuk.co.uk+2pragmatic-consulting.co.uk+2CITB+2

ATS Group UK
Provides accredited training across construction, highways, telecoms, energy, and utilities sectors. atsgroupuk.co.uk

Synergie Training (TTC Group)
Offers bespoke and accredited training courses for construction, civil engineering, and infrastructure projects. The TTC Group Home

---

🏫 Colleges & Academic Institutions

Leeds College of Building
The UK's only specialist further education construction college, offering a wide range of courses from entry-level to degree programs. Wikipedia

---

📚 Qualification & Certification Bodies

City & Guilds
Provides a variety of construction-related qualifications, including the Construction Skills (6219) suite, covering essential trades. City & Guilds

National Examination Board in Occupational Safety and Health (NEBOSH)
Offers globally recognized qualifications in health, safety, environment, and wellbeing management. Wikipedia

---

🧱 Specialist Training Networks & Groups

CITB Local and Specialist Training Groups
Regional and sector-specific groups that provide tailored training support to construction employers. CITB

CSR Training Providers Directory (Northern Ireland)
A directory of accredited training providers for the Construction Skills Register (CSR) scheme in Northern Ireland. cefni.co.uk+1Construction Plant-hire Association+1

Regulatory & Standards Bodies

🏛️ Regulatory Authorities

1. Building Safety Regulator (BSR)

Role: Established under the Building Safety Act 2022, the BSR oversees building safety in England, particularly for higher-risk buildings.

Responsibilities:

Regulates building control bodies and registered building inspectors.

Monitors compliance with building regulations.

Enforces safety standards in design, construction, and occupation of buildings.

Administered by: Health and Safety Executive (HSE).

More Info: HSE Building SafetyGOV.UK+2HSE+2HSE+2HSE+4GOV.UK+4GOV.UK+4

2. Construction Products Regulator

Role: Ensures that construction products placed on the UK market meet safety and performance requirements.

Responsibilities:

Oversees the UK marking system for construction products.

Enforces compliance with product safety regulations.

More Info: UK Government GuidanceGOV.UK

3. New Homes Ombudsman

Role: Provides a dispute resolution service for buyers of new homes, ensuring developers meet quality standards.

Responsibilities:

Investigates complaints about new home builders.

Mandates corrective actions and compensation where necessary.

More Info: Building Engineering Services AssociationDesigning Buildings

4. Local Authority Building Control (LABC)

Role: Local authorities' building control departments ensure compliance with building regulations.

Responsibilities:

Assess and approve building plans.

Inspect construction work.

Issue completion certificates.

More Info: Designing Buildings WikiDesigning Buildings+8Wikipedia+8constructionsiteskills.co.uk+8Designing Buildings+3GOV.UK+3DIY Doctor+3britassoc.org.uk+4Designing Buildings+4regulated-professions.service.gov.uk+4

5. Registered Building Control Approvers (RBCAs)

Role: Formerly known as Approved Inspectors, RBCAs are private sector entities authorized to carry out building control functions.

Responsibilities:

Provide building control services as an alternative to local authorities.

Ensure compliance with building regulations.

More Info: Qualitas ComplianceWikipedia+4qualitascompliance.com+4Designing Buildings+4

📏 **Standards and Certification Bodies**

6. British Standards Institution (BSI)

Role: The UK's National Standards Body, responsible for developing and publishing British Standards.

Responsibilities:

Develops standards to ensure quality, safety, and efficiency.

Represents the UK in international standardization bodies.

More Info: BSI Groupregulated-professions.service.gov.uk+5DIY Doctor+5Wikipedia+5

7. British Board of Agrément (BBA)

Role: Provides certification for construction products and systems, verifying their compliance with building regulations.

Responsibilities:

Issues Agrément Certificates for products and systems.

Conducts inspections and testing.

More Info: BBA

8. UK Technical Assessment Bodies (UKTABs)

Role: Authorized to issue UK Technical Assessments for construction products, facilitating UKCA marking.

Responsibilities:

Assess and verify the performance of construction products.

Issue assessments necessary for market access in Great Britain.

More Info: UK Government GuidanceGOV.UK

🧑‍⚖️ Professional Regulatory Bodies

9. Architects Registration Board (ARB)

Role: The statutory body regulating architects in the UK.

Responsibilities:

Maintains the Register of Architects.

Sets standards for education and practice.

Investigates complaints and enforces disciplinary actions.

More Info: ARB

10. Engineering Council

Role: The UK regulatory body for the engineering profession.

Responsibilities:

Licenses professional engineering institutions.

Maintains national registers of professional engineers and technicians.

More Info: Engineering Council

11. Royal Institution of Chartered Surveyors (RICS)

Role: Professional body for qualifications and standards in land, property, infrastructure, and construction.

Responsibilities:

Sets and enforces standards for chartered surveyors.

Provides accreditation and professional development.

More Info: RICS

🏠 Housing and Warranty Bodies

12. National House Building Council (NHBC)

Role: Provides warranties and insurance for new homes in the UK.

Responsibilities:

Sets technical standards for house construction.

Conducts inspections and quality assessments.

More Info: NHBCdunamisconstruction.co.uk

🔍 Additional Oversight and Enforcement

13. Health and Safety Executive (HSE)

Role: UK's regulator for workplace health and safety, including construction sites.

Responsibilities:

Enforces health and safety legislation.

Conducts inspections and investigations.

More Info: HSEHSE

14. Local Authorities

Role: Enforce planning permissions and building regulations at the local level.

Responsibilities:

Assess and approve planning applications.

Monitor compliance with building regulations.

Umbrella & Cross-Sector Organisations

🏗 Major Umbrella and Cross-Sector Organisations

1. Construction Leadership Council (CLC)

Role: Acts as the primary liaison between the UK government and the construction industry.

Focus Areas: Productivity, skills development, sustainability, and digital transformation.

Initiatives: Leads the "Construct Zero" programme, aiming to reduce carbon emissions in construction. TUCBurges Salmon

2. Construction Industry Council (CIC)

Role: Serves as a representative forum for professional bodies, research organisations, and specialist business associations in the UK construction industry.

Membership: Comprises over 500,000 professionals across various disciplines.

Initiatives: Launched "Diversitas" to enhance representation of Black professionals in the built environment. NetRegs+3Construction Industry Council+3EME Outlook Magazine+3Designing BuildingsConstruction Management+2Architectural Technology+2Construction Industry Council+2

3. Actuate UK

Role: An alliance of eight specialist engineering membership associations in the UK.

Focus Areas: Advocates for fair procurement, innovation, and the early involvement of specialist contractors in construction projects. Wikipedia

4. Construction Products Association (CPA)

Role: Represents UK manufacturers and distributors of construction products and materials.

Focus Areas: Policy advocacy, market intelligence, and promoting sustainable construction practices.NetRegs

5. Considerate Constructors Scheme (CCS)

Role: A national initiative aimed at improving the image of the construction industry.

Focus Areas: Encourages best practices beyond statutory requirements, focusing on community, environment, and workforce.

6. Constructing Excellence

Role: A platform for industry improvement through collaboration and innovation.

Focus Areas: Promotes best practices, benchmarking, and knowledge sharing across the construction sector.causeway.com+2Construction Industry Council+2Burges Salmon+2

7. Association for Environment Conscious Building (AECB)

Role: A network promoting sustainable building practices in the UK.

Focus Areas: Develops standards and training programs for low-energy and low-carbon buildings. Wikipedia

8. UK Green Building Council (UKGBC)

Role: A membership organisation aiming to transform the UK's built environment towards sustainability.

Focus Areas: Advocates for sustainable practices in planning, design, construction, and operation of buildings. Wikipedia

9. Good Homes Alliance (GHA)

Role: A not-for-profit organisation promoting sustainable homes and communities.

Focus Areas: Works with architects, planners, developers, and other stakeholders to improve housing quality and sustainability. Wikipedia

10. Diversitas

Role: An umbrella body launched by the CIC to increase representation of Black professionals in the built environment.

Focus Areas: Enhances diversity and inclusion within the construction industry. Construction Industry Council+3Construction Industry Council+3Architectural Technology+3

Sustainability and Innovation Bodies

🌱 **Sustainability-Focused Organisations**

1. UK Green Building Council (UKGBC)

Role: A membership-led network transforming the sustainability of the built environment.

Key Initiatives:

Advancing Net Zero programme.

Net Zero Whole Life Carbon Roadmap.

Circular Economy Forum.

Nature-based solutions and biodiversity frameworks.

Membership: Over 660 organisations, including local authorities and innovative start-ups. UKGBC+2UKGBC+2constructioninnovationhub.org.uk+2

2. Good Homes Alliance (GHA)

Role: A not-for-profit community interest company promoting sustainable homes and communities.

Focus Areas:

Advocacy for near-zero carbon targets.

Emphasis on health, well-being, and quality in housing.

Education and awareness through seminars and research. WikipediaUKGBC+1Wikipedia+1

3. BRE (Building Research Establishment)

Role: Provides science-led training, standards, and advisory services to enhance building performance and sustainability.

Key Contributions:

Development of BREEAM, a leading sustainability assessment method.

Expert advice on achieving net-zero targets. UKGBC+3BRE Group+3constructioninnovationhub.org.uk+3

🧪 **Innovation and Research Bodies**

4. Construction Innovation Hub

Role: A collaboration between BRE, the Manufacturing Technology Centre (MTC), and the Centre for Digital Built Britain (CDBB) to drive innovation in construction.

Focus Areas:

Development of the Product Platform Rulebook.

Enhancing productivity and performance in the sector.

Collaboration with over 600 organisations, including industry bodies and policymakers. constructioninnovationhub.org.uk

5. Innovate UK (UKRI)

Role: The UK's innovation agency, supporting business-led innovation in all sectors, including construction.

Initiatives:

Funding for modern methods of construction.

Decarbonisation projects and sustainable building innovations. Innovate UK Business Connect

6. Manufacturing Technology Centre (MTC)

Role: Assists government and industry in adopting advanced manufacturing to drive innovation, efficiency, and sustainability in construction.

Contributions:

Integration of digital technologies and offsite construction methods.

Collaboration on projects to enhance construction productivity. The MTC+1constructioninnovationhub.org.uk+1

🏗️ **Industry Associations Promoting Sustainability and Innovation**

7. Construction Products Association (CPA)

Role: Represents UK manufacturers and distributors of construction products and materials.

Key Activities:

Promotion of offsite construction methods.

Advocacy for digitalised manufacturing processes.

Addressing sustainability challenges in the construction products industry. Construction Products Association+1reuters.com+1

8. British Standards Institution (BSI)

Role: Develops and publishes standards to drive innovation and sustainability in the built environment.

Impact:

Provides frameworks for best practices in construction.

Enhances consistency and accountability across the industry. BSI

Client and Procurement Groups

🏢 Public Sector Procurement Framework Providers

These entities offer pre-tendered frameworks to streamline procurement for public sector construction projects:SCAPE

SCAPE Group

Role: Public sector-owned procurement specialist.

Services: Provides frameworks for construction, consultancy, civil engineering, and utilities.

Focus: Emphasizes efficiency, sustainability, and social value in project delivery.

Website: scape.co.ukSCAPE

LHC Procurement Group

Role: Not-for-profit provider of procurement solutions.

Services: Offers frameworks for building, refurbishing, and maintaining social housing and public properties.

Focus: Aims to improve lives and places through quality procurement solutions.

Website: lhcprocure.org.uklhcprocure.org.uk+3lhcprocure.org.uk+3swpa.org.uk+3

Consortium Procurement Construction (CPC)

Role: Facilitates procurement for social housing and public sector projects.

Services: Provides frameworks for construction, refurbishment, and maintenance.

Focus: Enhances efficiency and cost-effectiveness in public sector procurement.

Website: cpconstruction.org.uklhcprocure.org.uk+3cpconstruction.org.uk+3swpa.org.uk+3Financial Times+6lhcprocure.org.uk+6lhcprocure.org.uk+6tradogram.com+8Financial Times+8swpa.org.uk+8

South West Procurement Alliance (SWPA)

Role: Regional procurement body serving South West England.

Services: Offers compliant frameworks for construction and maintenance of public sector buildings.

Focus: Supports local authorities and social landlords in efficient procurement.

Website: swpa.org.ukDepartment of Finance+5swpa.org.uk+5lhcprocure.org.uk+5

Procure Partnerships

Role: Procurement and delivery specialist within the built environment sector.

Services: Provides frameworks for public sector organisations to deliver construction projects.

Focus: Emphasizes proactive, effective, and robust procurement methods.

Website: procurepartnerships.co.ukConstructing Excellence+2Procure Partnerships Framework+2NetRegs+2

🏛️ Government and Strategic Client Groups

These groups represent major infrastructure clients and influence procurement strategies at the national level:

Infrastructure Client Group (ICG)

Role: Brings together UK economic infrastructure clients in partnership with government and industry.

Purpose: Leads the acceleration of improvement and alignment in the delivery and development of UK infrastructure.

Focus: Emphasizes benchmarking, sharing best practices, and providing a unified voice to government.

Website: en.wikipedia.org/wiki/Infrastructure_Client_GroupWikipedia

Construction Steering Group (Local Government Association)

Role: Organized by the LGA, this group brings together senior procurement professionals from local government across England.

Purpose: Facilitates collaboration and knowledge sharing among local authorities on construction procurement.

Website: local.gov.ukLocal Government Association

Government Construction Strategy Task Groups

Role: Established to support delivery of objectives identified in the Government Construction Strategy.

Focus: Includes the Procurement/Lean Client Task Group, aiming to deliver cost savings and improve procurement models.

Website: gov.ukGOV.UK+1GOV.UK+1

🏗 Industry-Led Procurement Forums

These organisations advocate for best practices and innovation in construction procurement:

Constructing Excellence Procurement Group

Role: Promotes collaborative working and procurement best practices in construction.

Focus: Develops guidance and supports the adoption of innovative procurement models.

Website: constructingexcellence.org.uk

Civil Engineering Contractors Association (CECA)

Role: Represents civil engineering contractors in the UK.

Focus: Advocates for procurement reform and addresses challenges in construction procurement processes.

Website: ceca.co.uk

Key Bodies Dedicated to Offsite / MMC

1. Buildoffsite

Role: Industry-led membership organisation to promote offsite and pre-manufactured construction.

Activities: Working groups, innovation promotion, client guides, events.

Website: buildoffsite.com

2. Offsite Hub *(formerly Offsite Magazine)*

Role: Information platform for offsite news, case studies, innovation, and suppliers.

Supported by: Radar Communications.

Website: offsitehub.co.uk

3. BOPAS (Buildoffsite Property Assurance Scheme)

Role: Accreditation scheme providing long-term assurance (typically 60 years) on MMC construction quality.

Developed by: BLP Insurance, Lloyd's Register, BRE, and Buildoffsite.

Website: bopas.org

4. MPA Precast (part of the Mineral Products Association)

Role: Represents the UK precast concrete sector (a key offsite system).

Website: precast.org.uk

5. Modular and Portable Building Association (MPBA)

Role: Represents manufacturers and suppliers of modular and portable buildings.

Activities: Training, advocacy, technical guidance.

Website: mpba.biz

🧱 Construction Innovation Bodies with Strong MMC Focus

6. Construction Innovation Hub

MMC Focus: Developed the **Platform Design for Manufacture and Assembly (P-DfMA)** and product platform rulebook.

Partners: BRE, MTC, CDBB.

Website: constructioninnovationhub.org.uk

7. MTC (Manufacturing Technology Centre)

MMC Role: Focuses on industrialised construction, automation, robotics in construction.

Website: the-mtc.org

🏛️ Government & Standards Groups with MMC Programmes

8. Homes England – MMC Framework

Role: Government-backed procurement framework to increase MMC adoption in housing.

Includes: Volumetric and panelised systems.

Website: gov.uk/homes-england

9. NHBC Accepts

Role: Certification and approval process for MMC systems to help achieve mortgage and warranty compliance.

Run by: NHBC (National House Building Council).

Website: nhbc.co.uk/accepts

📊 Additional Supporting Bodies & Programmes

10. Construction Leadership Council (CLC) – MMC Workstream

Role: Strategic leadership for accelerating MMC adoption in the UK.

Includes: Procurement models, standards alignment.

11. Centre for Offsite Construction + Innovative Structures (University of Brighton)

Academic hub: Conducts research and works with industry on MMC design and performance.

Appendix xii: The Platform demonstrator

EMCCA Collaborative Commerce Marketplace (CCM) Prototype Report

developed by cbit@ntu.ac.uk

Summary

The EMCCA Collaborative Commerce Marketplace (CCM) prototype has been developed by the Centre for Business and Industry Transformation (CBIT) at Nottingham Business School (NBS) as a tailored digital hub to transform procurement and strengthen the East Midlands economy for inclusive growth. By integrating AI-powered tools, the platform enables SMEs to access tenders, showcase skills, and collaborate to secure contracts. Helping them expand opportunities, create jobs, and drive sustainable regional economic growth. This report summarises the work completed to date and highlights the impact of the prototype's four core functions: ***Access***, filter and centralises tenders into a single hub; ***Profiling***, using AI to extract, standardise and customize SME skills; ***Matching***, intelligently aligning supplier capabilities with tender requirements; and ***Collaboration***, enabling SMEs to form Virtual Organisations for collaboration to jointly pursue larger contracts.

Prototype Development

A fully functional prototype has been designed, developed and tested, with a strong emphasis on user experience and core functionality. The system integrates tender feeds, SME profiling, and AI-driven analysis into a single, coherent platform.

From a technical perspective, the prototype has been developed using a modern technology stack, including React for the front-end interface, Java for the back-end services, and TypeScript (TSC) for robust, type-safe application logic. This combination ensures scalability, maintainability, and performance, while also supporting rapid iteration and future integration with regional procurement systems.

Early testing indicates that the solution has the potential to substantially increase SME participation in procurement by simplifying processes, improving transparency, and creating more connected supply chains.

Access – Centralised Tender Hub

The prototype successfully aggregates more than 200 tenders each day into a unified regional hub. This centralisation enables SMEs to seamlessly access opportunities through a single, streamlined interface rather than searching across multiple fragmented platforms. SMEs benefit from greater transparency, reduced search time, and improved visibility of opportunities, encouraging wider participation in procurement processes.

Profiling – AI-Powered Competence Extraction

An AI engine automatically extracts SME competencies, certifications, and skills from company data, creating standardised digital profiles. () In addition, the extraction process can be refined or supplemented through manual input, allowing companies to customise and validate their profiles to ensure accuracy and reflect unique strengths. This functionality could also be further enhanced in future versions, enabling even greater flexibility and personalisation of profiles. These profiles highlight capabilities rather than solely past performance, and the system also benchmarks each company against relevant criteria within the platform. As a result, administrative burdens for SMEs are reduced, while procurers gain access to reliable, structured data that reveals hidden competencies and comparative strengths within the regional economy.

Matching – Intelligent Tender Alignment

The AI-powered matching capability connects SME profiles with tender requirements. During prototype testing, more than 500 matches have already been generated, demonstrating both accuracy and scalability. SMEs can more easily identify realistic opportunities, while procurers can rapidly identify relevant suppliers, leading to more efficient procurement outcomes.

Collaboration – Virtual Organisation Builder

The platform enables SMEs to combine their competencies into Virtual Organisations, allowing them to jointly compete for contracts that exceed the capacity of a single business. This function promotes collaboration over competition, strengthens regional supply chains, and improves resilience while keeping value within the East Midlands economy.

Outcomes of the Prototype

The prototype has confirmed the technical feasibility of AI-powered procurement support. It provides an accessible, user-friendly interface that lowers digital barriers for SMEs, regardless of technical expertise. If endorsed by EMCCA, the system will demonstrate a viable foundation for a regional procurement hub and proves that long-standing barriers to SME engagement can be significantly reduced. () Importantly, the platform is designed with a sustainable business model and revenue-generation pathway, ensuring it can operate independently without ongoing EMCCA funding or taxpayer support. Potential revenue streams include SME subscriptions for enhanced visibility and analytics, tiered access for procurers to advanced search and benchmarking tools, and partnership opportunities with industry bodies to integrate sector-specific services. This approach ensures long-term financial viability whilst maintaining affordability and accessibility for SMEs.

Future Work

The current prototype demonstrates that AI-powered procurement support is both feasible and impactful. However, its present scope represents only the foundation of what can be achieved. With *further development and investment*, the EMCCA-CCM platform can be expanded into a regional flagship initiative that directly advances EMCCA's priorities of inclusive growth, regional skills development, sustainability, and local supply chain resilience.

1. SME Growth and Readiness

Establish stronger connections with regional business support organisations (Growth Hubs, Chambers of Commerce, universities) to provide targeted recommendations on improving SME profiles. Enable SMEs to identify and close gaps in competencies, certifications, or sustainability credentials, ensuring they are better prepared for procurement opportunities. Strengthen SME participation in priority sectors for the East Midlands, including advanced manufacturing, construction, green technologies, and digital industries.

2. Skills and Workforce Development

Integrate with local training providers and skills academies to recommend tailored upskilling and certification pathways. Track workforce development across SMEs to provide EMCCA with insights that inform regional skills strategies. Support apprenticeships, reskilling, and career progression by linking procurement opportunities to workforce requirements.

3. Supply Chain Resilience and Collaboration

Enhance the Virtual Organisation Builder to allow SMEs to collaborate at scale on larger and more complex projects. Encourage cross-sector partnerships to retain value within the East Midlands and build stronger local supply chains. Provide visibility into regional supply chain structures, highlighting vulnerabilities and opportunities for local substitution.

4. Sustainability and Net Zero Alignment

Embed green procurement indicators into SME profiles and tender matching, driving environmentally responsible practices. Guide SMEs towards recognised sustainability standards, supporting EMCCA's climate and net zero objectives. Deliver regional insights into the contribution of procurement to environmental targets and sustainable growth.

5. Data-Driven Insights for Policy and Strategy

Provide advanced analytics dashboards to give EMCCA real-time intelligence on SME engagement, supply chain resilience, and economic trends. Identify systemic barriers to procurement participation, enabling targeted interventions and evidence-based policymaking. Advanced benchmark progress against EMCCA's economic strategies, creating transparency and accountability.

6. Trusted Group Matching

For SMEs that already operate within established consulting groups or business alliances, the platform will incorporate group-level analysis. It will assess both individual and collective competencies within these trusted groups and match them against tender requirements. This functionality will recognise the existing trust and collaboration among group members, enabling faster and more accurate tender responses while maximising the group's combined strengths.

Funding Rationale

The EMCCA-CCM prototype provides a strong foundation, but additional development will unlock far greater value. With sustained support, the platform will contribute to inclusive and local growth by:

- Enabling more SMEs to win contracts, generating local jobs and economic growth.
- Building resilient supply chains that strengthen the regional economy.
- Advancing EMCCA's priorities in skills, green growth, and innovation.
- Equiping policymakers with the tools and data to deliver effective, inclusive, and sustainable regional development policies.
- Represent an opportunity for EMCCA to establish a strategic digital asset that not only removes long-standing barriers to SME procurement but also drives long-term competitiveness and prosperity for the East Midlands.

Conclusion

The EMCCA-CCM prototype has already demonstrated clear and measurable impact. By centralising access to tenders, profiling SME skills and competencies, and intelligently matching opportunities by enabling collaboration, the platform provides a practical and scalable solution to long-standing procurement barriers. With continued support from EMCCA and potentially SME business associations, it can now be developed into a trusted regional hub that not only unlocks opportunities and strengthens supply chains. But also strengthens advanced benchmarking of SME capabilities, supports connecting organisations, and drives inclusive, sustainable growth across the East Midlands economy.

YEAR
2025

PROJECT
A joint project between Nottingham Trent University, Centre for Business and Industry Transformation (CBIT), Bolsover District Council and the East Midlands Combined County Authority

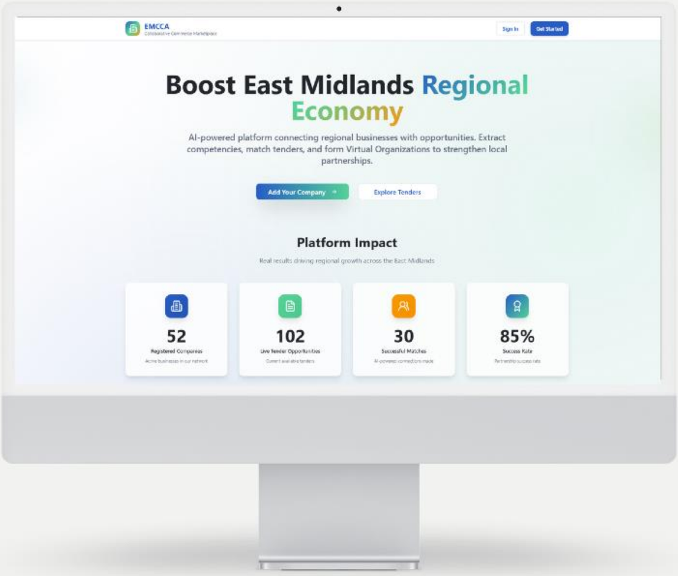
EMCCA
Collaborative Commerce Marketplace

A customised platform for EMCCA, designed to support supply chains, SMEs, and the procurement process.

PROJECT PROTOTYPE

cbitinnovationhub.lovable.app

Click here



Front end interface demonstrator

Supply Chain Data Resource Demonstrator

This is a Signposting Site for SMEs to direct them to the most appropriate and up to date information and advice in the East Midlands on the following topics

Procurement and Frameworks	Grants and Funding	Accreditation and Regulations	Skills Training and CPD	Sustainability and Scope Emissions	MMC and Offsite Advice	SME Collaborative Networks

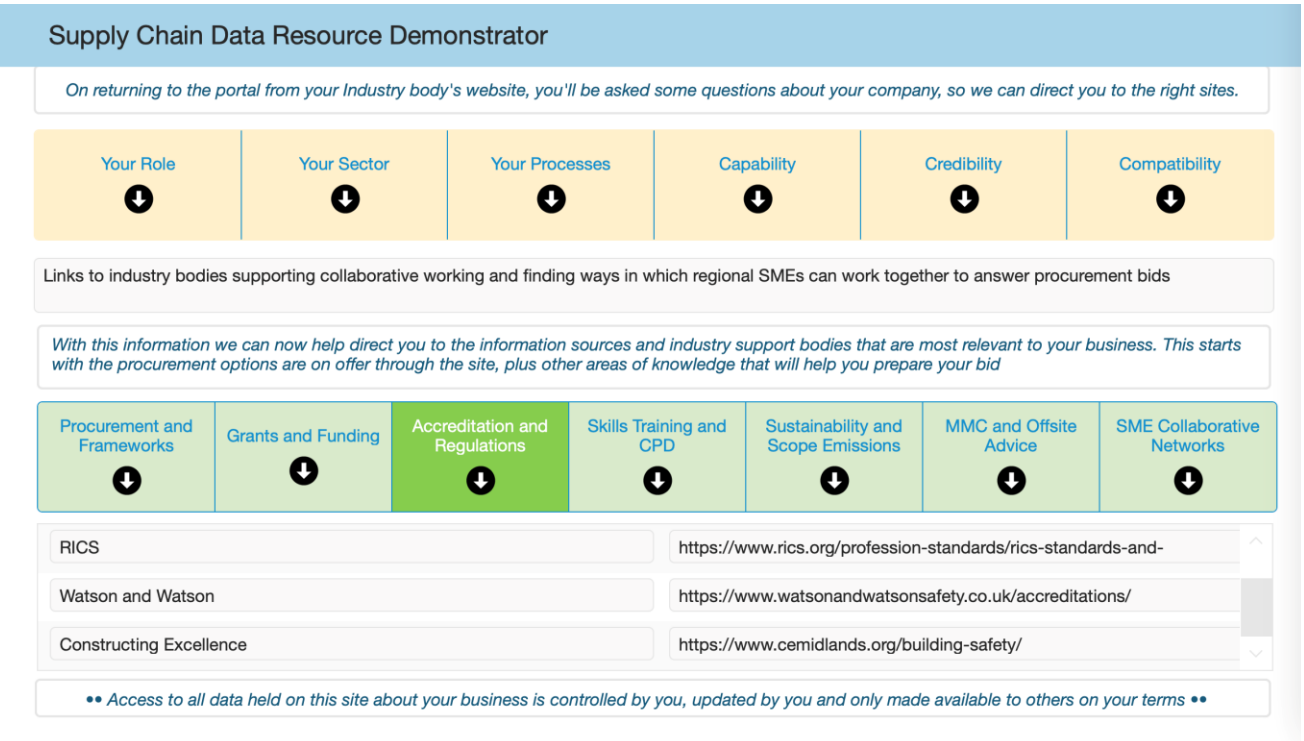
Links to industry bodies supporting collaborative working and finding ways in which regional SMEs can work together to answer procurement bids

To access this information you must first go to one of the participating websites of an industry body you are affiliated to and answer a few questions so that we can direct you to the sites that are most relevant to you. Select from this list below or if you are not a member of any of these, select which one to join.

Trade Bodies	Professional Institutions	Regulatory Bodies	Sustainability Advisors	Training Organisations	Umbrella Organisations

Builders Merchants Federation (BMF)	https://www.bmf.org.uk/BMF/BMF/Membership/For_Suppliers.aspx
Civil Engineering Contractors Association (CECA)	https://www.ceca.co.uk/midlands/about-ceca-midlands
Construction Industry Training Board (CITB)	https://www.citb.co.uk/

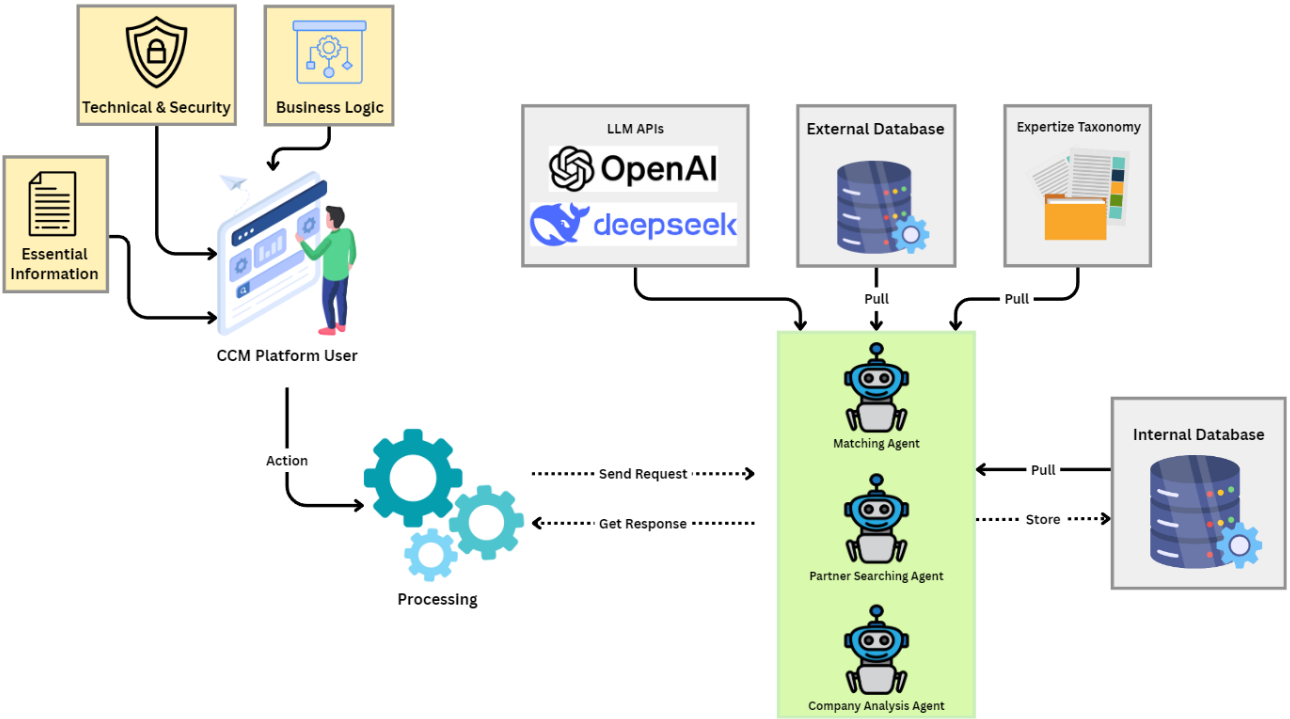
Selecting any of these participating industry bodies would take you to a site where you can then gain access to the full information resource ***here***



The full platform will incorporate this front end interface with the back-end functionality that connects multi-source data with intelligent filtering to generate actionable insights.

This schematic illustrates how the system aggregates and filters data:

- Users provide essential information through a secure interface, with **business logic** representing the operational logic of the company—defining what the company does.
- The platform integrates with LLM APIs (OpenAI, DeepSeek) and pulls data from external databases, expertise taxonomies, and internal records.
- Three AI agents—Matching, Partner Searching, and Company Analysis—process and filter the information, storing enriched results internally.
- The system then delivers tailored matches, partnership options, and company analysis back to the user.


Technical & Security
Business Logic
Essential Information
CCM Platform User
Action
Processing
Send Request
Get Response
LLM APIs
OpenAI
deepseek
External Database
Expertize Taxonomy
Pull
Pull
Matching Agent
Partner Searching Agent
Company Analysis Agent
Internal Database
Pull
Store