



## **Unite submission to the Cabinet Office consultation on Public Procurement: Growing British industry, jobs and skills Consultation on further reforms to public procurement**

**This submission is made by Unite the union, Britain and Ireland’s largest trade union with over 1.3 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.**

### **Introduction**

- a. Unite welcomes this consultation. Unite has long campaigned for improvements to public procurement and the greater use of social value conditions to promote working rights, UK jobs, and other social, economic, and environmental benefits. Procurement should support local and ethical supply chains, increase UK manufacturing footprints and create long-term decent work.
- b. The UK's public procurement budget, valued at over £385billion, has enormous potential as a tool to create a stable internal market to drive up living standards and provide decent employment, secure unionised jobs and skills opportunities across the UK. Using government spending power in this way would help create a thriving economy, support innovation, investment and due to the multiplier effect on communities, stimulate job creation, training and skills, investment demand, and consumer spending. All of this would see a further benefit to the exchequer as great prosperity and jobs leads to higher tax income in a virtuous cycle.
- c. The proposals under consultation are therefore a broadly welcome step. Unite believes, however, that more needs to be included specifically around workplace and trade union rights.
- d. Unite has contributed to the wider TUC submission to this consultation and endorses the overarching recommendations put forward by the TUC. Specifically Unite supports the following recommendations:
  - Making good work a standalone pillar of the social value model, with compliance on defined criteria required throughout the life of a contract.
  - Insourcing public services by bringing outsourced services back in-house with collectively agreed public sector terms and conditions, prioritising contracts linked to insecure work, with unions involved in deciding priorities.
  - Introducing a statutory Public Interest Test assessing the impact of outsourcing on employment, service quality, resilience and value for money and a statutory presumption to insource at its heart.
  - Amending the Procurement Act 2023 to:

- To ensure that supplier adherence to good work and labour standards can be mandated, even where not directly tied to the subject matter of a contract.
  - Reinstate Public Contracts Regulation 56(2), excluding tenders breaching environmental, social and labour law, ILO conventions or collective agreements.
  - Create new exclusion grounds for breaches of labour laws, blacklisting regulations, and forthcoming due diligence legislation.
  - Ensuring transparency by creating a central public register (“Domesday Book”) of contracts and extending Freedom of Information (FOI) rights to all providers of public services.
  - Requiring trade union involvement at every stage of procurement—social value model design, assessments, contract awards and monitoring.
  - In social care and people-focused services, prioritising quality and decent working conditions over lowest cost, using “Most Advantageous Tender” criteria.
  - Ensuring social value assessments capture UK-wide supply chain benefits and use procurement strategically to stimulate domestic manufacturing and re-industrialisation through major capital projects.
- e. To support this submission, Unite has also included several industry specific case studies in the appendix below.

**QUESTION 1a: 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?**

- 1.1 Unite is broadly supportive of this policy and initiatives that increase spending with SMEs and VCSEs. These organisations are far more likely to be embedded in local communities, therefore revitalising local economies and supporting wider societal aims.
- 1.2 Unite further stresses however, that simply focusing on SMEs or VCSEs is not enough. The Government’s aims should be more ambitious, prioritising support for decent well paid and unionised jobs by procuring goods within the UK and also using procurement to drive up terms and conditions through collective agreements, union access and recognition.

**QUESTION 1b: 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.**

- 1.3 Unite believes that government spending can stimulate investment, create incentives for companies to develop within communities, and support UK prosperity via onshore design, build, and maintenance, rather than buying abroad.
- 1.4 The measures proposed to increase spend with SMEs and VCSEs through procurement will stimulate investment within the UK economy, which has a "multiplier effect" on communities through job creation, skills, investment demand, and consumer spending.
- 1.5 SMEs and VCSEs account for a large proportion of the UK economy and are less likely to offshore work or avoid tax than large multinationals. That stated, not all SMEs and VCSEs are good employers and Unite therefore believes that this criterion alone is not sufficient to deliver real change.

- 1.6 SMEs make up 90% of employers in construction sectoral bargaining agreements, such as the JIB, so this should be a priority for government.
- 1.7 Transparency of contracting is vitally important and currently many public sector contracts are in the hands of large multi-national conglomerates without sufficient public scrutiny on the extent of their contracts or the success of their deliver.
- 1.8 Unite believes that the Government must establish a, centrally held and managed, “Domesday Book” of public service contracts, to ensure transparency around public spending and contracts, including suppliers’ contract performance.

**QUESTION 2a: 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?**

- 2.1 Unite strongly supports far greater overview, scrutiny, and publicly available information about public procurement contracts. It is crucial that there is improved public oversight of government projects and a clear set of criteria for state contracts, including stipulated rules on service quality, staff terms and conditions, payment of full UK tax, and other social and environmental concerns.
- 2.2 Transparency should be embedded throughout the commercial lifecycle and as stated above Unite supports moves to make public sector contracting data more transparent and easier to access and monitor.
- 2.3 Unite also supports the creation of a central digital platform for commercial data, including supplier registration information, to better regulate companies with multiple public contracts and prevent failures seen with entities like Carillion or G4S in the past. Extending payment reporting requirements as proposed will help deliver greater transparency.
- 2.4 Unite is therefore broadly supportive of the above proposals. In particular Unite supports the proposals that:
- Businesses in public sector supply chains should have direct access to contracting authorities to escalate payment delays.
  - There should be a specific right for public bodies to look at the payment performance of any supplier in a public sector contract supply chain.
  - Private and public sector payment reporting requirements should be aligned and published in one place.

**QUESTION 2b: 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.**

- 2.5 Unite believes that better oversight could prevent contracts from being awarded to companies despite repeated profit warnings, labour abuses or other scandals. It is crucial that all public contracts are subject to the same accountability and scrutiny as the public sector itself, including democratic scrutiny and Freedom of Information legislation.
- 2.6 Payment delays can have significant impacts on companies throughout the supply chain, which can directly affect workers and job sustainability (e.g. in manufacturing supply chains or construction).

2.7 Extending transparency requirements for all payments, including below-threshold contracts, would help track and address these issues, thereby supporting the health and stability of UK businesses, including SMEs and VCSEs.

2.8 As stated above the introduction of a central digital platform for commercial data and supplier registration would improve oversight.

**QUESTION 3a: 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 supply chains (within an average of 60 days) would help improve late payment by suppliers to the public sector?**

3.1 Unite supports the enforcement of prompt payment to protect supply chains. Payment delays create significant insecurity for companies throughout the supply chain, which in turn affect their workers and job sustainability.

3.2 Businesses in public sector supply chains should have direct access to contracting authorities to escalate payment delays.

3.3 There should be a specific right for public bodies to look at the payment performance of any supplier in a public sector contract supply chain.

3.4 Private and public sector payment reporting requirements should be aligned and published in one place.

3.5 A key criterion for companies to win public contracts must be having a proven record of paying suppliers and freelancers on time. There should also be an exclusion processes, combined with social value contract criteria, to allow government to use its financial leverage to drive up standards across the economy and supply chains. This must include trade union and workers' rights as core criteria.

**QUESTION 3b: 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.**

3.6 Unite believes that public bodies should have liability and responsibility for employment rights and terms and conditions throughout public sector supply chains, enabling workers lower down the chain to appeal directly to the contracting authority about abuses and allowing public bodies to intervene in support of workers' rights.

3.7 Unite believes that requiring prompt payment would benefit businesses throughout the supply chain, including smaller enterprises, and contribute to job sustainability and ensuring fair and decent work conditions throughout the economy.

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

4.1 Unite has highlighted that the use of market processes to deliver local services such as social care are failing to service users and largely have driven poor conditions for both service users and staff alike.

- 4.2 Unite is strongly opposed to the outsourcing and privatisation of public services and believes that the best way to deliver should be in-house for most public services.
- 4.3 Outsourcing often leads to reduced costs at the expense of dismantling collective bargaining and reducing accountability, resulting in service fragmentation, increased bureaucracy, attacks on service quality, and a "race to the bottom" in staff terms and conditions.
- 4.4 In the case of not-for-profit providers of services, such as children's charities or dedicated community support services, Unite continues to argue for a return to grant funding as the appropriate funding method.
- 4.5 Unite believes that local authorities should have greater flexibility to ensure high-quality service delivery, prioritises the needs of vulnerable users, and foster an environment where quality care and support take precedence. The introduction of competitive tendering procedures has distorted the relationship between procuring authorities (i.e. local authorities, NHS etc) and service deliverers, while also reduced collaboration across organisations as they are forced to compete for funds.
- 4.6 Unite supports direct delivery by the public sector, working in stable, quality-focused partnerships with ethical local providers and advocacy groups to deliver services the people need. For example, Unite has raised concerns about Framework Agreements in areas like British Sign Language interpretation, where unethical agencies and unstable contracts have negatively impacted service quality and worker conditions.
- 4.7 Unite has consistently opposed the outsourcing and privatisation of public services. It is crucial that the benefits of insourced public provision are firmly embedded in Cabinet Office decision-making before procurement decisions are made. Unite believes there should be a statutory presumption that delivering public services in the public sector is the default option unless there is a strong case to the contrary.
- 4.8 Unite's experience with outsourcing has shown issues like service fragmentation, increased bureaucracy, attacks on service quality, and a "race to the bottom" in staff terms and conditions.

**QUESTION 4b: 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.**

- 4.9 Unite's strong preference is for services to remain in-house to ensure quality, accountability, and better outcomes for workers and communities.
- 4.10 Privatisation often leads to cost reduction, the dismantling of collective bargaining, and reduced accountability. The result is that public assets are gifted to private entities whose profits are funnelled offshore to low tax territories, representing a double loss to the taxpayer.
- 4.11 The Government must prioritise service quality, the interests and experiences of service users and worker conditions over unbridled competition that can lead to a decline in standards for essential services.

**QUESTION 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).**

- 5.1 Unite believes that there must be safeguards to protect strategic UK assets and infrastructure, such as train lines, energy, or water supplies, and the jobs and skills involved, as these services are crucial to the economy, security, and community welfare. While not directly "vulnerable citizens," these are critical services where market-driven competition may not be optimal, and a greater state role should exist.
- 5.2 Procurement policy focused on the needs of vulnerable people should be co-produced with the service users and providers to make sure they are fit for purpose. For example, Unite continues to highlight the experience of the British Sign Language (BSL) interpretation sector, where existing National Frameworks have led to negative impacts on deaf people's access to services due to issues with unethical agencies, unstable contracts, unqualified interpreters, and unsafe working practices<sup>1</sup>. Similar concerns exist for spoken language interpreters who are often engaged as self-employed contractors rather than direct employees, leading to issues like non-payment when agencies liquidate.
- 5.3 Any framework agreement, DPS+, or other procurement tool should undertake a full risk assessment and be tested against the full range of social value criteria to prevent locking procuring authorities into bad processes that produce perverse outcomes. Public bodies should have liability and responsibility for employment rights and terms and conditions throughout public sector contract supply chains, allowing workers to appeal directly to the contracting authority about abuses. The government should also re-establish direct booking of specialised services like BSL/English interpreters for public sector bodies e.g. NHS Trusts, Police, Courts, which would improve quality assurance

**QUESTION 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?**

- 6.1 Unite believes that in most circumstances the insourcing of public services produces better results. Insourcing improves accountability, service quality, and employment standards, and many local authorities have successfully insourced services like cleaning and repairs, leading to better outcomes for workers and communities.
- 6.2 To improve procurement processes, the benefits of insourced public provision must be embedded into Cabinet Office decision-making before procurement decisions are made, rather than defaulting to outsourcing and tendering. Unite is calling for the introduction of a statutory presumption that delivering public services in the public sector is the default option unless there is a strong case to the contrary.
- 6.3 It is crucial that work is done to build up public sector capacity to deliver services and hardwire employment conditions into contracts, improving innovation among contractors by making them

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<sup>1</sup> <https://www.nubsl.com/campaigns/scrap-the-national-framework-agreement-campaign/>

compete on quality rather than a "race to the bottom" through cutting workers' terms and conditions.

6.4 In particular the following should be prioritised:

- **Investment in fair and decent work:** including contractual presumptions that pay and conditions are underpinned by sectoral collective bargaining agreements.
- **Improved employment standards:** requiring trade union recognition, improved union facility and access arrangements, adherence to collective agreements, banning companies that exploit workers (e.g., through blacklisting, zero-hours contracts, umbrella companies), and promoting direct employment.
- **Mandatory social value:** making 'social value' a determining factor in contracts, with criteria such as fair pay, worker voice, health and safety, equality, and training.
- **Accountability:** allowing procurers powers to end a contract if information on breaches (e.g., blacklisting) comes to light, and to ban such companies from future bids.
- **Comprehensive assessments:** reviewing company performance on key indicators including health and safety, employment practices, skills, equality, ethical, human rights, and environmental responsibility prior to selection.

**QUESTION 7a: 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?**

7.1 Unite strongly agrees with the requirement for a public interest test when making sourcing decisions.

7.2 Outsourcing often leads to service fragmentation, increased bureaucracy, attacks on service quality, and a "race to the bottom" in terms and conditions. Any cost savings delivered by privatisation is usually due to cutting wages and pensions, dismantling collective bargaining, greater insecure work and reducing accountability.

7.3 There should therefore be a clear statutory presumption in favour of insourced public provision to be embedded in Cabinet Office decision-making before procurement decisions are made, rather than a default to outsourcing and tendering.

7.4 Unite is concerned however that the current proposed design of the test would continue to favour outsourcing, particularly by asking if authorities have existing in-house capability. Without long-term forward planning, these criteria risks contracts being re-let due to lack of capacity. As stated above, the public interest test should start from a presumption of insourcing, requiring authorities to prove outsourcing is in the public interest.

7.5 The public interest test must evaluate value for money, impact on service quality, and economic and social value goals holistically. It should apply to all public bodies and be carried out before re-letting contracts. It must assess the impact of outsourcing on:

- service quality, value for money, resilience, and accessibility
- local economies, good work, and employment standards
- equalities duties, climate targets, and public accountability

7.6 To support insourcing, the test must be accompanied by wider measures including:

- Statutory guidance on when/how to insource
- A rolling calendar of public service contracts to enable planning

- Workforce, union, and service user involvement in assessments
- Building insourcing capacity through a cross-government hub
- Legal requirements for union recognition, collective agreements, and harmonisation of terms for transferred staff
- Adequate staffing and funding to prevent insecure work practices

7.7 Unite would support the publication of the outcomes of such tests in a central register to provide full transparency.

**QUESTION 7b: 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.**

7.8 Unite's experience shows that outsourcing has often led to negative outcomes. A public interest test would help counter the default tendency towards outsourcing, which Unite believes frequently results in gifting public assets and resources to private individuals or companies that make huge profits, often funnelled offshore.

7.9 Unite's opposition to privatization stems from concerns about accountability, service quality, and resilience. A public interest test that evaluates value for money, impact on service quality, and economic/social value, along with published outcomes, would provide the increased scrutiny and transparency.

**QUESTION 8a: 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?**

8.1 Unite would partially agree with this proposal – government must use social value conditions to promote working rights, jobs, and other social, economic, and environmental benefits.

8.2 Unite believes that the government must reform the procurement framework so that supplier compliance with good work standards is a mandatory condition of public contracts.

8.3 Enacting the Government's Make Work Pay commitments will require significant rethinking of the current social value agenda and its implementation, alongside significant reform to procurement legislation and guidance including amending the Procurement Act, Social Value Act, and related guidance, and introducing new due diligence laws on human rights, labour rights, and environmental standards.

8.4 The Social Value Act 2012 for example requires public authorities to think about how they can secure wider social, economic and environmental benefits through procurement. Yet decent work has not always been considered as part of social value, and where it has it has often been too narrow in scope (e.g. focusing only on payment of the real living wage) or included as a small part of overall social value weighting in bids. Similarly, neither the February 2025 National Procurement Policy Statement (NPPS) nor the accompanying Social Value Model clearly references or requires union access, recognition or collective bargaining.

8.5 Unite supports proposals to amend the Procurement Act so good work criteria can be made mandatory but is concerned that the £5m contract threshold is too high and will act to exclude many contracts that involve insecure, low-paid workers. The government should analyse contract values to ensure these workers are covered.

8.6 In addition, the proposed 10% minimum weighting for social value is insufficient to guarantee compliance.

8.7 The government's decent work strategic objectives must be hardwired into procurement strategy, including criteria like fair pay, participation and progression, wellbeing, safety and security, and worker voice.

8.8 Unite believes that UK procurement must be used for:

- Raising employment standards, including requiring trade union recognition and adherence to collective agreements, banning companies that exploit workers (e.g., blacklisting), banning zero-hours contracts and umbrella companies, promoting direct employment, and introducing a real living wage for all workers on public sector contracts.
- Ensuring suitable skills, training, and career opportunities are in place, including high-quality apprenticeships and positive actions for diversity.
- Driving industry standards with high expectations for health and safety, employment practices, skills, training, equality, ethical and human rights, and environmental/social responsibility.
- Companies winning public contracts should also be compelled to:
  - Provide quality apprenticeships, training, and retraining throughout careers.
  - Demonstrate evidence of UK-based manufacturing, assembly, or supply chain activity, and the creation or retention of skilled jobs and apprenticeships in the UK.
  - Invest in UK-based R&D or innovation centres.

8.9 In addition, Unite calls for the Government to urgently:

- reform procurement law to ensure that staff employed in Wholly Owned Subsidiaries are not excluded from protection afforded by the “Two-Tier Workforce Code” reinstated by the Employment Rights Bill.
- review and strengthen the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations, including to protect trade union recognition rights for transferred employees.

**QUESTION 8b: 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.**

8.10 Unite believes that making social value a mandatory requirement in contracts would reward suppliers who support national aims such as providing good jobs with decent pay, conditions, and security, and offering training.

8.11 Government spending must be tied to clear public policy goals like job creation, improving living standards, and supporting equality. These social value conditions, including strong protections for workers' rights, collective bargaining, and equality, should be included in the National Procurement Policy Statement.

8.12 This is a crucial step towards ensuring that taxpayer money directly supports the British economy and creates good local jobs, enhancing national resilience and economic security. Government spending on UK-based workers creates a "multiplier effect" for local communities and strengthens the economy.

8.13 The Government must also strengthen the exclusions regime within the Procurement Act to ensure that organisations that have committed labour-related regulatory violations are subject to more robust exclusions criteria. This must include a straightforward requirement on blacklisting, so that for any company with a history of blacklisting that has not demonstrated it no longer blacklists to be prevented from tendering for government contracts and removed from preferred supplier lists. Blacklisting is a contemporary problem that continues to blight the lives of workers across the construction industry.

**QUESTION 9a: 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?**

9.1 Unite is supportive of this proposal.

9.2 Procurement rules need greater overview, scrutiny, and publicly available information about public procurement contracts, including improved accountability and remedies for contract failure, and enhanced capabilities for procuring authorities to enforce contract conditions.

9.3 Transparency should be embedded throughout the commercial lifecycle from planning through procurement, contract award, performance, and completion. Public sector contracting data should be more transparent and easier to access and monitor, including a central record of all contracts.

9.4 Any new central register should map Key Performance Indicators (KPIs) on contract delivery clearly so that the past records of contractors can be quickly seen. This could prevent repeated contract awards to failing companies. The process itself must allow for a review of a company's performance on key indicators, including employment practices, skills, and training.

**QUESTION 9b: 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.**

9.5 Unite believes that bad decisions, poor practice, waste and service failings should never be allowed to hide behind commercial confidentiality. Mandating KPIs and reporting them publicly would ensure that social value commitments are measurable, accountable, and transparent, which aligns with Unite's call for strengthening and streamlining social value efforts and increasing transparency on the delivery of commitments.

9.6 Contracting authorities must include social value award criteria and KPIs in tender notices and this must be matched by a duty on authorities to monitor contractor and sub-contractor compliance with KPIs and wider contractual obligations, with trade unions involved in this process.

9.7 There must also be clear channels for unions and employees to raise concerns about breaches, and contracting authorities must be required to respond within a defined timeframe.

**QUESTION 10a: 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 Unite’s procurement of public contracts will help to deliver social value in a proportionate manner.**

- 10.1 The government must undertake a radical redesign of the social value model and include clear good jobs criteria. Good work should be a standalone, ringfenced pillar of a new social value model, with robust conditionalities to ensure that contract award is conditional upon compliance with the selected criteria.
- 10.2 Assuming that this new streamlined list was comprehensive and clear enough to deliver meaningful outcomes then Unite would support this initiative. Trade unions should be centrally involved with co-designing the criteria, which must include strong conditions for workers' rights, equality, skills, and ethical practices. This approach is in-line with Make Work Pay commitments to establish a new Social Value Council including trade union representatives.
- 10.3 SMEs sometimes find social value requirements difficult to navigate, and these measures could potentially make the process clearer and more manageable, provided the criteria effectively deliver on core social value aims.
- 10.4 The selection process for suppliers should hardwire strategic social value aims in as well, ensuring issues like employer conditions or payment of UK tax are assessed early.
- 10.5 Unite believes that social value criteria should be explicit and comprehensive and Unite is calling for new procurement strategy that must prioritise companies that:
- are based in Britain or have a strong UK manufacturing footprint and actively support local and ethical supply chains as well as having an ‘end of life’ sustainability plan.
  - recognise trade unions and have a proven record on support for collective bargaining, worker rights, good employment practices and transparency with executive pay.
  - implement best practice equality policies actively increasing the diversity of Unite’s workforce at all levels, ensuring equal pay and undertaking union recognised gender and equality audits.
  - provide quality apprenticeships, training and retraining throughout careers.
  - pay their fair share of tax.
  - have a record of paying suppliers and freelancers on time.
  - have a proven environmental record and best practice standards.
- 10.6 Unite believes the Procurement Act should be amended to remove the requirement that award criteria must directly relate to the subject matter of the contract or be limited to proportionality. This change is essential to make good jobs criteria mandatory for all suppliers.
- 10.7 The new model must be backed by guidance setting clear expectations for contracting authorities and suppliers. This should include requirements for trade union recognition, access, and collective bargaining across supply chains.
- 10.8 Compliance with these criteria must be maintained throughout the life of the contract, with pay and conditions updated in line with collective agreements and any subsequent legislative or regulatory changes.

**QUESTION 10b: 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.**

10.9 Without further detail Unite remains sceptical of this government's commitment to value for money, transparency, integrity, tackling corruption and fair treatment.

10.10 The effectiveness of any proposed streamlined list depends entirely on the specific content of the criteria and metrics, which Unite would want to see include explicit rules on promoting collective bargaining, decent work, investing in jobs, promoting equality, and action on climate change.

10.11 Decent work strategic objectives and other social value aims must be hardwired into government's procurement strategy. A streamlined, co-designed list, if robustly developed to include these priorities, could make it easier for contracting authorities to consistently apply social value criteria and for suppliers to understand expectations, potentially overcoming current difficulties faced by SMEs.

**QUESTION 11a: 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?**

11.1 Unite supports allowing contracting authorities to define the geographical location of social value delivery in order to maximise local impact. Government spending money within the UK generates a positive multiplier effect by creating jobs, skills, investment demand and consumer spending in local communities. In contrast, spending abroad undermines these benefits and risks the erosion of domestic manufacturing capabilities.

11.2 Unite therefore advocates using public procurement as a strategic tool to support regional development and UK employment, particularly through sourcing goods and services from domestic suppliers. Government spending should be aligned with clear public policy objectives, such as job creation and community wellbeing, and underpinned by a "national value framework" that prioritises onshore design, build and maintenance.

11.3 To enhance social value and promote UK prosperity, Unite proposes:

- Applying a national value framework that considers UK prosperity through onshore design, build, and maintenance, rather than buying off-the-shelf from abroad solely on short-term economic grounds.
- Using procurement to source manufactured goods from UK suppliers, such as medical equipment, vehicles, buses, trains, and British-produced steel, to support strategically important resources and industries.
- Designating steel as Critical National Infrastructure (CNI) to allow for favourable procurement environments and protect UK's manufacturing base.
- Implementing local content requirements for the procurement of manufactured goods to boost UK manufacturing, reduce reliance on imports, and secure high-quality jobs.
- Ensuring defence procurement decisions consider social value, boosting regional economies, and providing quality high-value jobs in areas that have suffered from a lack of strategic investment.
- On construction projects, section 106 requirements for skills and apprenticeship delivery should be aligned to the same geographical area covered by the Local Skill Improvement Plan (LSIP).

**QUESTION 11b: 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.**

11.4 Procurement should be used to support strategic goals of industrial strategy, including defending and developing the UK manufacturing supply chain. To this end the union's support establishing local content requirements the procurement of manufactured goods. The goal must be to boost UK manufacturing, reduce reliance on imports, and secure high-quality jobs.

11.5 If the UK procures goods and services overseas, the multiplier effect benefits economies elsewhere in the world rather than the UK. This not only limits domestic economic gains but also risks the loss of sovereign capability and jobs in UK defence manufacturing. Therefore, it is essential to define social value geographically to maximise domestic benefits and support local communities.

11.6 Allowing greater flexibility to specify where social value is delivered — with an emphasis on UK regions and industries — would ensure that public spending stimulates investment, creates jobs, strengthens sovereign capability, and offsets the negative effects associated with spending abroad.

**05/09/2025**

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# **Appendix**

## **Case Study: Automotive Sector:**

Procurement can be a powerful tool for supporting zero carbon bus manufacturing in the UK. Alexander Dennis (ADL) and Wrightbus are the UK's leading bus OEMs in terms of employment, production volume and low-carbon innovation. International manufacturers such as Yutong, BYD and Volvo are increasingly competitive, particularly in the zero-emission vehicle (ZEV) segment. In the current context of the 'low volume crisis' across the industry, there is an immediate danger that the UK could lose this strategically important sector without support.

Unions have welcomed Zero Emission Bus Regional Areas (ZEBRA) funding and government initiatives to give greater powers to regional Mayors through the Bus Services Bill and the Bus Manufacturing Expert Panel, coordinated by the Department for Transport. In line with ZEBRA (and ScotZEB in Scotland), the unions support reforming the Crown Commercial Service (CCS) to consider social value and the use of direct orders from government. Public bodies should evaluate contracts for bus manufacturing against the following objectives:

### **1. Fair Work Practices**

- Payment of the Real Living Wage
- Provision of secure and flexible contracts
- Commitment to diversity, inclusion, and worker voice

### **2. UK Economic Contribution**

- Evidence of UK-based manufacturing, assembly, or supply chain activity
- Creation or retention of skilled jobs and apprenticeships in the UK
- Investment in UK-based R&D or innovation centres

### **3. Environmental and Community Impact**

- Demonstrated whole-life emissions savings (e.g. via the Greener Bus Tool)
- Support for local decarbonisation goals and community engagement

### **4. Subsidy Control Compliance**

- All proposals must comply with the UK Subsidy Control Act 2022
- No preference will be given solely based on geographic origin; evaluation will be based on objective, transparent, and proportionate criteria

The unions believe this is the best approach for supporting ZEV bus manufacturing within the UK.

### **Case Study: Steel:**

The government’s own department-by-department figures show over a third of the steel procured by government is imported<sup>2</sup>. The UK public sector, including local and devolved administrations, currently procures just 58% of its steel from domestic suppliers.

Unite’s research shows that by changing procurement rules to focus on job guarantees and domestic suppliers we could create a significant increased public sector demand for domestic steel – growing to an additional 700,000 tonnes per annum.

Public sector demand for steel is set to rise to 15% through 2025 to 2030. This would put the UK’s steel procurement in closer alignment with other nations, although it would remain below the United States on 18% and substantially below Germany on 32%, indicating the potential for the public sector itself to expand<sup>3</sup>.

***Projected Public Sector Share of UK Steel Demand***

Year	Forecast UK Steel Demand (Mt)	Forecast Public procurement Demand (Mt)	Public Procurement share (%)
2022	10.9	1.1	10%
2025	11.3	1.7	15%
2030	11.8	1.8	15%

For defence and wider procurement, Unite believes steel must be designated Critical National Infrastructure (CNI). In 2017, the Cabinet Office set out the Public Summary of Sector Security and Resilience Plans for the UK. The definition of Critical National Infrastructure (CNI) includes buildings, networks and other systems that are needed to keep the UK running and provide the essential services upon which we rely (e.g., energy, finance, telecoms and water services). This also includes infrastructure, which if disrupted could have a significant impact on our national security collectively, national defence, or the functioning of the state. However, the report does not include steel as an essential component of the UK’s CNI.

This is not the case in the US. The US Department of Commerce (DoC) 2018 investigation on the effect of imports of steel on the national security of the US confirmed that “national security” includes both national defence, and critical infrastructure needs. The government must reclassify steel as Critical National Infrastructure (CNI) thereby creating a security exception under Article III or the WTO GPA and allowing a favourable procurement environment.

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<sup>2</sup> <https://assets.publishing.service.gov.uk/media/6602d769a6c0f7580fef9253/steel-public-procurement-2024.pdf>

<sup>3</sup> <https://www.industrytransition.org/content/uploads/2021/08/1-fostering-industry-transition-through-green-public-procurement.pdf>

### **Case Study: Aerospace**

Unite believes public procurement can play an important role in sustaining and developing critical manufacturing capabilities. For example, a new order of a squadron of Eurofighter *Typhoon* aircraft now, this would maintain vital skills at BAE Systems Warton and Rolls Royce Bristol, and in the supply chain. Additionally, it could help attract future export orders from new and existing customers. It is important to note that the other three Eurofighter partners, Germany, Italy and Spain, have all in the last year announced additional purchases of *Typhoon* supporting Unite's military and domestic industries.

Procurement must serve the joint goals of ensure the stability of our defence manufacturing base, while also considering social value. Social value is a vital consideration when making defence procurement decisions. Such decisions must be made, not only on value for money, but based on boosting / growing regional economies and communities via the provision of quality high value jobs in the regions in which defence companies and Unite's supply chains operate. Often being situated outside of the southeast and in areas that have suffered from a lack of strategic investment in R&D, skills and infrastructure over time.

Whilst a level of competition is important in the procurement process, delivering to cost and capability objectives are also vital. Thus, a balance must be struck by the Single Source Regulations Office (SSRO) to guarantee that good value for money is obtained in government expenditure on qualifying defence contracts, and that contractors are paid a fair and reasonable price under those contracts. If we are to ensure the ongoing spread of prosperity, this process must also ensure that it not only does what it says on the tin but also incentivises investment in innovation.

### **Case Study: Shipbuilding**

The UK has been slow to recognise the strategic importance of steel for national security. Despite welcome projects such as the *Queen Elizabeth*-class aircraft carriers the majority of major defence projects do not source UK-made steel. Steel for *Trident* submarines has been contracted from French suppliers<sup>4</sup>. Type 31 and 36 frigates are currently built using Swedish steel, as is the Ajax armoured vehicles programme. This is another reason why steel unions are calling for fleet support ships for the Royal Navy to be properly categorised and built in UK-shipyards, using UK made steel.

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<sup>4</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-8010/>

## Case Study: UK Procurement in the Construction Sector

Public procurement in the construction sector is one of the UK's most powerful levers for shaping not only infrastructure delivery but also employment standards, skills development, and community outcomes.

Yet recent evidence from major projects such as HS2 shows that procurement processes are still failing workers by tolerating exploitative models of employment. On HS2 and similar sites, umbrella companies are still operating in ways that replicate long-standing concerns about transparency and fairness. Workers report that:

- Subsistence allowances are being taxed and subject to National Insurance, despite HMRC guidance that legitimate expenses for temporary workplaces should be tax-free.
- Hourly pay rates are misrepresented. Workers agree to a headline rate (e.g. £18/hour), but employer-side deductions such as National Insurance, apprenticeship levy, and umbrella company margins are removed from within that rate. This significantly reduces take-home pay and was not explained at engagement.
- Contracts lack transparency, leaving workers unclear about what they are actually being paid for.

Unite believes that without reform, procurement will continue to permit models that exploit workers and undermine fair employment. By embedding direct employment, collective bargaining, apprenticeship obligations, ethical standards, and strong oversight into procurement rules, government can ensure that public investment in construction delivers more than infrastructure—it can deliver good jobs, skills for the future, and genuine social value.

These practices undermine secure employment, erode pay, and contradict the government's Make Work Pay policy. Workers who embody the definition of employees should be directly employed by the end user or agency, with proper contractual protections.

The persistence of such practices reveals weaknesses in the way procurement is designed and monitored. Too often, contracts are awarded with insufficient attention to employment rights, workforce security, or the wider social and economic value that public investment should deliver.

These concerns are shared by employer bodies as well as trade unions as illustrated by the following statements:

- **Electrical Contractor's Association:** Since 1968, the Joint Industry Board (JIB) Agreement for the Electrical Contracting Industry has delivered industry-leading employment, training and competence standards, negotiated and agreed between trade union and employer representatives. As party to the JIB Agreement with Unite the Union, the Electrical Contractors' Association (ECA) wholeheartedly supports calls for more ambitious and effective use of public procurement levers to endorse, extend and reinforce these standards
- **Building Engineering Services Association:** The Building Engineering Services Association as employer signatories to the BESA National Agreement value the structure and stability it brings to the industry through working with the signatory trade union Unite, we would welcome further government support for the agreement through public procurement.

- **Engineering Construction Industry Association:** With over 150 member companies and approximately 9,000 highly trained engineering staff, NAECI plays a vital role in Supporting the UK economy through high-value employment. Creating a stable and collaborative working environment that benefits employers, clients, and the workforce. NAECI through negotiation with Unite the Union sets comprehensive terms and conditions of employment for hourly-paid engineering construction workers on major and basic engineering construction projects, repair and maintenance sites and events / outages throughout the UK. The ECIA supports the efficient use of collective agreements such as NAECI as a standard in public procurement to delivery nationally high rates of pay and conditions for workers through sectorial bargaining.

The following policy recommendations are therefore crucial to improve conditions in the construction sector:

#### 1. Employment Rights at the Core

- Public procurement must place equal weight on employment rights as on cost and delivery.
- Direct employment should be the presumption on all major construction projects.
- Pay and conditions must be underpinned by sectoral collective bargaining agreements.

#### 2. Ethical Procurement and Blacklisting

- Companies found guilty of blacklisting must be barred from contracts unless they demonstrate genuine reform.
- Procurers must have powers to terminate contracts where firms breach collective agreements or act irresponsibly.

#### 3. Skills and Apprenticeships

- Contracts must include apprenticeship quotas linked to Local Skills Improvement Plans, with robust safeguards to ensure quality.
- Equality, diversity, and inclusion should be built into tender evaluations.
- Firms that fail to present credible skills and apprenticeship plans should not be awarded contracts.
- International examples, such as Norway's requirement that at least 10% of workers on public contracts be apprentices, provide a model for mandatory quotas backed by enforceable sanctions.

#### 4. Regulation and Oversight

- Procurement guidance should require scrutiny of company performance on health and safety, employment practices, training, equality, and ethics before contracts are awarded.
- Regulators and project managers must have powers to monitor compliance and intervene where standards are not met.

## **Case Study Summary: Rail Manufacturing in the UK**

The UK rail manufacturing industry, valued at £2.4 billion, faces recurring instability due to fluctuations in train replacement orders. Since privatisation in 1989, the sector has lacked a predictable order pipeline, swinging between periods of abundant contracts and droughts. The industry is dominated by Alstom Transport and Hitachi Rail, together controlling over half the market. Revenue is projected to decline by 8.1% annually from 2023-24.

### **HS2 and Order Instability:**

A major challenge is the stalled HS2 project, with only Phase 1 (London–Birmingham) potentially opening in the late 2030s and other sections cancelled. Hitachi and Alstom have cleared their backlogs and await further work. Bespoke trains with reduced height were required due to the management decisions of HS2 backers, increasing cost of trains by 40% preventing interoperability with European rail. The HS2 collapse underscores procurement volatility in the sector.

### **Procurement Decisions and Impact:**

Government procurement choices have been pivotal. The 2011 Thameslink contract awarded to Siemens over Bombardier triggered 1,440 direct job losses and further supply chain impacts, almost erasing UK train manufacturing. Though later orders brought relief, they arrived too late for some; Bombardier was acquired by Alstom. Manufacturers like CAF, Siemens, and Hitachi established UK facilities but modernisation orders dried up despite many UK trains being decades old; average train age for Chiltern was over 31 years in 2024. For many operators, rolling stock age continues to rise as replacement programs stall. New trains sometimes offer technical and comfort improvements. Refurbishment only retains outdated safety standards, especially for drivers. There is a persistent need for a rolling replacement programme.

### **Environmental Factors:**

Just 38% of UK rail is electrified. Diesel trains produce harmful emissions and produce greenhouse gases. To meet net zero by 2050 it will require widespread electrification and alternative traction like hydrogen or batteries. High electricity costs have stalled progress, pushing freight back to diesel.

### **Rolling Stock Ownership and Finance:**

Privatisation led banks to control train ownership, leasing them to operators, with few new orders placed unless government backed. Post-COVID, government franchising has been replaced with contracts, reducing revenue-dependent risk for operators, enabling further outsourcing and labour cost controls.

### **Industry Fragmentation and Standardisation:**

Britain's approach of building trains for unique tracks results in high manufacturing costs, operational complexity, and poor export potential. Standardising track gauge, electrification, and weight limits could open global markets and scale economies.

### **Workforce and Skills Shortage:**

The industry faces major worker shortages and an ageing workforce. By 2025, an extra 120,000 staff will be required across infrastructure, technical, and driving roles. A third of staff are over 50; tens of thousands are set to retire. The workforce is male dominated with only 17% female and 14% from ethnic minorities. The average train driver is 48, with 30% due to retire by 2029. Recent surveys show

slight improvements in age profile and diversity, but recovering talent and experience will take time and require targeted government and industry support.

**Future Potential:**

Unite advocates maintaining UK train manufacturing using local materials. New steelmaking technology offers a dual benefit for rail and energy. However, without government intervention for steady orders, skills renewal, and supporting infrastructure, volatility will continue threatening the sector's survival.

**Case Study: Not for Profit sector**

Procurement rules exert a pivotal influence on the not-for-profit sector, parts of which remain heavily reliant on government funding to sustain essential services. Over the past few decades, there has been a decisive shift away from traditional grant funding towards competitive market-based procurement processes, distorting longstanding sector models and altering how organisations operate. These competitive tendering processes have drastically reshaped sustainability, employment practices, and service quality across the sector.

Unite members in the sector frequently highlight the prevalence of short-term funding contracts that fail to meet the true cost of delivering vital services. This leaves organisations in a precarious financial position—dependent on dwindling reserves or donations to cover statutory or contractual obligations. There is growing support for a return to grant funding, which offers greater flexibility, stability, and independence, empowering not-for-profit providers to respond meaningfully to local needs and to advocate for their communities. Rigid contracts and price-driven procurement have eroded collaborative working, incentivising a 'race to the bottom' on cost and delivery volume—with profound consequences for job security, workforce development, and long-term sector resilience.

Quality of provision is frequently undermined by procurement specifications that prioritise headline numbers and volume over the genuine value and outcome of services. Contracts awarded on a lowest-cost basis destabilise both the workforce and the very communities that depend on these services. To address this, procurement arrangements must be reformed to embed fair employment practices—including quality pension provision for agency and outsourced workers, as well as robust TUPE protections to safeguard wages, pensions, and conditions when contracts change hands. Health and safety responsibilities are too often transferred to under-resourced providers, rather than being a shared, regulated obligation. Effective procurement depends on clear, enforceable standards and contractual obligations that guarantee decent employment and safe working conditions.

Unite's not-for-profit sector has taken steps to lead reform, developing a Charter for Procurement and cementing national trade union agreements—such as those related to the outsourcing of youth workers—that offer a blueprint for fair and collaborative working. In social care, chronic underfunding and the dominance of private operators focused on high profit and low pay have led to unsustainable service models, with providers increasingly handing contracts back to councils. Sustainable procurement must therefore be paired with sufficient public investment and effective regulatory oversight to ensure services are socially valuable and financially viable.

Central to lasting change is the need for powerful, well-resourced regulators—such as the Care Quality Commission, Health and Safety Executive, and Equality and Human Rights Commission—with strengthened powers to enforce best practice. Only with mandatory compliance embedded in procurement processes and robust enforcement can public money be spent on safe, fair, and equitable services. In summary, procurement must be reshaped to put people before profit: embedding fair employment, high-quality provision, and strong regulation at its core.

Another crucial part of sector reform is addressing the challenges faced by self-employed workers and umbrella companies, especially under IR35 rules—issues highlighted for BSL interpreters and indeed other industries (e.g. construction). These must be tackled holistically, with reforms ensuring that contract selection hinges on quality of provision rather than purely quantity, and that the employment rights of the most vulnerable workers are protected. Without these changes, the not-for-profit sector risks ongoing instability and a decline in both employment standards and service outcomes.

In short, procurement in the not-for-profit sector must be re-designed to put people before profit—embedding fair employment, high-quality provision, and strong regulation at its core.

At its best, procurement can be a tool for building a stronger, fairer society. But to do so, it must shift away from narrow cost-driven models and instead place people at its centre: workers whose livelihoods must be secure, communities whose services must be safe and high-quality, and not-for-profit organisations whose independence and advocacy are essential. Re-embedding grants, strengthening protections, and empowering regulators will ensure procurement supports a sector that delivers not just contracts, but care, dignity, and social value.

### **Case study: Local authorities – refuse and recycling services**

The widespread outsourcing of refuse and recycling services by local authorities is part of a broader programme of public service outsourcing that has markedly reshaped pay, conditions, and employment stability for thousands of workers.

Evidence consistently shows that outsourcing typically leads to lower wages, reduced pensions, and diminished sick pay provisions for front-line staff, with manual workers particularly affected. Unite and other local government unions also report a growth in precarious contracts, fewer advancement opportunities, and, critically, a skills shortage; this is now exacerbated by difficulties recruiting and retaining HGV drivers and loaders—a trend made worse by public sector wage gaps and competition from private industry.

Outsourced contracts increasingly include requirements for private operators to manage and procure refuse collection fleets. In such cases, contractors are fully responsible for maintaining vehicles, but shortcomings in fleet management can lead to high repair costs, an increase in vehicles rendered unusable, and consequently, a direct impact on service delivery and the health and safety of workers. Missed bin collections and delays are often traced to vehicles being unavailable for long periods or not meeting up-to-date safety standards, placing operational risk upon both contracted workforces and the local authority.

Where contractors do control the fleet, extra costs—like mandated safety updates—often get passed on to the council<sup>5</sup>. Following serious health and safety incidents (such as the death of a Unite member), manufacturers including Dennis Eagle have sought to recoup expenses for crucial safety upgrades directly from customers, resulting in these costs being shifted to local authorities through contract terms. This practice illustrates the ongoing financial exposure faced by councils, even when attempting to address vital health and safety threats post-outsourcing.

In other cases, local authorities continue to purchase their own refuse vehicle fleet, even when collection services have been outsourced—a paradox that means public bodies own expensive assets but rely on external operators for their utilisation and ongoing maintenance. This raises questions about stewardship and efficiency, as councils are often left with the responsibility for asset renewal but not the operational oversight needed to properly protect or maintain their fleet.

The cumulative result of these trends is a sector marked by worsening conditions for workers, new fiscal and operational risks for councils, and increasing difficulties in ensuring safe, reliable refuse and recycling services for local communities.

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<sup>5</sup><https://calderdale.moderngov.co.uk/documents/s13637/Item%208%20-%20Transforming%20Waste%20and%20Recycling%20Services%20-%20New%20Refuse%20Collection%20Fleet.pdf>