



## New procurement policy: sustainable skills development through major construction and infrastructure projects



The Department for Business, Innovation and Skills (“BIS”) has recently announced a new policy to drive meaningful investment in workforce skills and improve training opportunities. From now on, bidders for major government construction and infrastructure projects will be required to show their commitment to developing the quality of their current and future workforce and will need to meet target levels of workforce training in order to participate successfully in procurement tenders, and to retain any contracts awarded.

In this briefing, we take a look at who will be affected by the new policy, what it means for bidders in practice and why it is important to comply with the requirements.

### Social agenda

The Public Contracts Regulations 2015 introduce an overarching commitment to social value in public project investment in the UK. Social factors, such as equality and labour standards, can now be taken into account in evaluating a bid and in deciding who will be awarded the contract.

The BIS announcement develops this social agenda theme by requiring suppliers to invest in high quality training and apprenticeships. The aim is to support economic growth by building a more skilled and productive workforce and reducing the risks of supply constraints and increased labour costs.

### Who is affected?

The new policy applies to bidders for major infrastructure and construction projects and programmes with a capital value over £50 million, including infrastructure consultancy services contracts. Procurers of significant projects below the £50 million threshold have also been encouraged to consider implementing the requirements in their selection criteria.

### What are the consequences?

From now on, bidders can expect to see:

- **Pre-award requirements:** pre-qualification/shortlisting questions calling for evidence of their commitment to developing and investing in skills, for example, by requiring a proportion of the workforce to be part of an apprenticeship scheme, receiving accredited training or achieving professional registration.
- **Post-award requirements:** concrete obligations and incentivising mechanisms will be placed into contracts mirroring their bid commitments. These requirements will be monitored through the project.

Failure by a bidder to satisfy the pre-award requirements will rule out selection for the project, and any failure to meet commitments made post-award will constitute a breach of contract. In addition, BIS has indicated that contractors’ performance on skills requirements may be used to inform future procurement decisions.

The new requirements should not be taken lightly, and it is essential that suppliers start to think about introducing systems to ensure a sufficient number of skills development opportunities are available. This will take time and require investment in resources, so it is well worth a prompt review of current practices and future plans.

Full details of the new policy are available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/418713/PPN\\_06-15\\_Skills\\_and\\_Infrastructure\\_Projects.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418713/PPN_06-15_Skills_and_Infrastructure_Projects.pdf)

## Contacts

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