AMENDMENTS TO BE MOVED ON REPORT

Clause 5

BARONESS NEVILLE-ROLFE

Page 4, line 2, leave out "of a kind specified in" and insert "specified in Part 1 of"

Member's explanatory statement

This amendment is consequential on the Government amendment to paragraphs 7 and 8 of Schedule 4 and the insertion of a new Part of Schedule 4.

Page 4, line 2, at end insert –

"(aa) is not specified in Part 2 of Schedule 4,"

Member's explanatory statement

This amendment is consequential on the Government amendments to paragraphs 7 and 8 of Schedule 4 and the insertion of a new Part of Schedule 4.

Page 4, line 21, at end insert –

- "(5A) An appropriate authority may by regulations amend Part 2 of Schedule 4 for the purpose of
 - (a) specifying an activity, or
 - (b) removing an activity.
 - (5B) Regulations under subsection (5A) may not specify an activity unless the authority is satisfied that
 - (a) the activity is carried out on a market that is subject to fair and effective competition, and
 - (b) entry to that market is unrestricted."

Member's explanatory statement

This amendment would allow an appropriate authority to amend Part 2 of Schedule 4, which sets out activities which are not to fall within the definition of utility activity.

HL Bill 63(h) 58/3

After Clause 10

BARONESS HAYMAN OF ULLOCK LORD COAKER

Insert the following new Clause –

"Procurement principles

- (1) In carrying out a procurement, a contracting authority must pursue the following principles
 - (a) promoting the public good, by having regard to the delivery of strategic national priorities including economic, social, environmental and public safety priorities,
 - (b) value for money, by having regard to the optimal whole-life blend of economy, efficiency and effectiveness that achieves the intended outcome of the business case,
 - (c) transparency, by acting openly to underpin accountability for public money, anti-corruption and the effectiveness of procurements,
 - (d) integrity, by providing good management, preventing misconduct, and control in order to prevent fraud and corruption,
 - (e) fair treatment of suppliers, by ensuring that decision-making is impartial and without conflict of interest, and
 - (f) non-discrimination, by ensuring that decision-making is not discriminatory.
- (2) If a contracting authority considers that it is unable to act in accordance with any of these principles in a particular case, it must—
 - (a) take all reasonable steps to ensure it does not put a supplier at an unfair advantage or disadvantage, and
 - (b) publish a report within 90 days setting out the principles with which it could not act in accordance and its reasons."

Member's explanatory statement

This amendment would require contracting authorities to pursue a series of principles when carrying out procurements.

Clause 11

BARONESS HAYMAN OF ULLOCK LORD COAKER

Page 8, line 34, after "money" insert "including value that is social value within the meaning of the Public Contracts (Social Value) Act 2012, overall providing the optimum balance of economy, efficiency, effectiveness and equity"

Member's explanatory statement

This amendment would require social and public value to be considered in the procurement objectives.

Page 8, line 35, after "benefit" insert "and public value, including in relation to benefits and value contributing to socio-economic development, to be realised over time and in relation to areas of public responsibility of other contracting authorities"

Member's explanatory statement

This amendment would require social and public value to be considered in the procurement objectives.

BARONESS NEVILLE-ROLFE

Page 8, line 43, at end insert –

- "(4) In carrying out a covered procurement, a contracting authority must
 - (a) have regard to the fact that small and medium-sized enterprises may face particular barriers to participation, and
 - (b) consider whether such barriers can be removed or reduced."

Member's explanatory statement

This amendment would require a contracting authority, in carrying out a covered procurement, to have regard to the particular barriers to participation in public procurement that small and medium-sized enterprises may have, and whether they can be removed or reduced.

Clause 12

LORD LANSLEY BARONESS HAYMAN OF ULLOCK

Page 9, line 2, leave out "may" and insert "must"

Member's explanatory statement

This amendment will require a Minister to publish a National Procurement Policy Statement.

LORD LANSLEY

Page 9, line 3, at end insert –

"(1A) The first statement to be published under this section must be published within 12 months of the coming into force of this section."

Member's explanatory statement

This amendment would require a statement to be puclished within 12 months of the coming into force of the Act.

Page 9, line 8, after "consultation" insert "on a draft of the statement"

Member's explanatory statement

This amendment would require the consultation to be based on a draft, not just a set of questions.

Page 9, line 11, at end insert –

"(3A) The strategic priorities to be included in the statement must include, but are not limited to—

Clause 12 - continued

- (a) achieving targets set under the Climate Change Act 2008 and the Environment Act 2021,
- (b) meeting requirements set out in the Public Services (Social Value) Act 2012,
- (c) promoting innovation amongst potential suppliers, and
- (d) minimising the incidence of fraud, waste or abuse of public money."

Member's explanatory statement

This amendment would require that the priorities listed in the amendment are among the strategic priorities in relation to procurement included in the National Procurement Policy Statement.

BARONESS HAYMAN OF ULLOCK LORD COAKER

Page 9, line 12, leave out subsections (4) to (6) and insert –

"(4) The national procurement policy statement, or any revision to the national procurement policy statement, does not have effect unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament."

Member's explanatory statement

The purpose of this amendment is to subject the national procurement policy statement, and amendments to the national procurement policy statement, to the affirmative procedure, so that the existing national procurement policy statement remains in force if a new statement is rejected.

Clause 15

LORD LANSLEY

Page 11, line 16, after "suppliers" insert ", especially among small and medium-sized enterprises,"

Member's explanatory statement

This amendment would emphasise that contracting authorities should use the preliminary market engagement to build capacity among SMEs in relation to a potential contract.

Clause 20

BARONESS NEVILLE-ROLFE

Page 14, line 37, at end insert –

"(7) See section (*Qualifying utilities dynamic market notices: no duty to publish a tender notice*) for an exception to the duty in subsection (1) for contracts awarded by reference to suppliers' membership of certain utilities dynamic markets."

Member's explanatory statement

This amendment is consequential on the Government's new clause on qualifying utilities dynamic market notices.

Clause 21

BARONESS NEVILLE-ROLFE

Page 15, line 2, at end insert –

- "(2A) A condition set under subsection (1)(a) may not
 - (a) require the submission of audited annual accounts, except from suppliers who are, or were, required to have the accounts audited in accordance with Part 16 of the Companies Act 2006 or an overseas equivalent;
 - (b) require insurance relating to the performance of the contract to be in place before the award of the contract."

Member's explanatory statement

This amendment would prevent contracting authorities from requiring audited accounts from suppliers that do not otherwise prepare audited accounts (for example, small companies), or insurance to be in place before award.

Clause 35

BARONESS NEVILLE-ROLFE

Page 23, line 26, at end insert –

- "(1A) A condition set under subsection (1)(a) may not
 - (a) require the submission of audited annual accounts, except from suppliers who are, or were, required to have the accounts audited in accordance with Part 16 of the Companies Act 2006 or an overseas equivalent;
 - (b) require insurance relating to the performance of a contract to be in place before the award of the contract."

Member's explanatory statement

This amendment would prevent contracting authorities from requiring audited accounts from suppliers that do not otherwise prepare audited accounts (for example, small companies), or insurance to be in place before award.

After Clause 38

BARONESS NEVILLE-ROLFE

Insert the following new Clause –

"Qualifying utilities dynamic market notices: no duty to publish a tender notice

- (1) The duty to publish a tender notice in section 20(1) does not apply in relation to the award of a contract by reference to suppliers' membership of
 - (a) a utilities dynamic market established by reference to a qualifying utilities dynamic market notice, or
 - (b) a part of such a market.
- (2) A contracting authority must instead provide a tender notice to members of the market, or part of the market, for the purposes set out in section 20(1).

After Clause 38 - continued

- (3) A contracting authority may also provide a tender notice to suppliers that have applied for membership of the market, or part of the market, but have yet to be accepted or rejected.
- (4) The reference in section 20(5) to a tender notice or associated tender documents includes a reference to a qualifying utilities dynamic market notice.
- (5) Section 33(4) (duty to consider applications for membership) does not apply in relation to the award of a contract by reference to suppliers' membership of
 - (a) a utilities dynamic market established by reference to a qualifying utilities dynamic market notice, or
 - (b) a part of such a market.
- (6) In this section, "a qualifying utilities dynamic market notice" means a dynamic market notice under section 38(2)(dynamic market notices) that—
 - (a) relates to the establishment of a utilities dynamic market, and
 - (b) sets out -
 - (i) that only members of the market will be notified of a future intention to award a contract by reference to suppliers' membership of the market, and
 - (ii) any other information specified in regulations under section 88.
- (7) In this Act, a reference to publication of a tender notice includes a reference to provision of a tender notice under subsection (2) or (3)."

Member's explanatory statement

This new Clause would relieve a utility that establishes a dynamic market by reference to a qualifying utilities dynamic market notice from the obligation to publish a tender notice.

Clause 43

BARONESS NEVILLE-ROLFE

Page 27, line 40, at end insert –

- "(5A) A condition set under subsection (4)(a) may not—
 - (a) require the submission of audited annual accounts, except from suppliers who are, or were, required to have the accounts audited in accordance with Part 16 of the Companies Act 2006 or an overseas equivalent;
 - (b) require insurance relating to the performance of the contract to be in place before the award of the contract."

Member's explanatory statement

This amendment would prevent contracting authorities from requiring audited accounts from suppliers that do not otherwise prepare audited accounts (for example, small companies), or insurance to be in place before award.

Page 28, line 18, at end insert –

"(11A) In this section, a "competitive selection process" means a competitive selection process for the award of a public contract in accordance with a framework.

Clause 43 - continued

(11B) This section does not apply to a framework that is a light touch contract."

Member's explanatory statement

This amendment would add a definition and exception as a preliminary step to dividing Clause 43.

Divide Clause 43 into two Clauses, the first (*Frameworks*) to consist of subsections (1) to (3) and (12) to (17) and the second (*Frameworks: competitive selection process*) consisting of subsections (4) to (11B).

Member's explanatory statement

This is a motion to divide Clause 43 into two Clauses and make it easier to follow.

Clause 48

BARONESS NEVILLE-ROLFE

Page 31, line 40, at end insert –

"(ba) awarded under section 39 or 41 (direct award and switching to direct award) by a private utility;"

Member's explanatory statement

This amendment would mean that a private utility would not have to wait until the expiry of a mandatory standstill period before directly awarding a contract.

Clause 49

BARONESS NEVILLE-ROLFE

Page 32, line 7, leave out "£2" and insert "£5"

Member's explanatory statement

This amendment would mean that a contracting authority is only required to set key performance indicators for a public contract if the contract's value is more than £5 million.

Clause 50

BARONESS NEVILLE-ROLFE

Page 32, line 36, leave out "£2" and insert "£5"

Member's explanatory statement

This amendment would mean that a contracting authority is only required to publish a public contract if the contract's value is more than £5 million.

After Clause 61

BARONESS HAYMAN OF ULLOCK LORD COAKER

Insert the following new Clause –

"Public interest

- (1) Where a contracting authority is considering outsourcing public services that are at the time of consideration delivered in-house or where contracts are due for renewal, the contracting authority must ensure that outsourcing or recontracting passes a public interest test and provides greater public value than direct service provision.
- (2) As part of the duty in subsection (1), the contracting authority must demonstrate to the public, service users and its employees that it has thoroughly assessed the potential benefits and impact of outsourcing the service in question against a public sector comparator with assessments being based on criteria to be set by the Secretary of State from time to time, including taking a five year consideration of
 - (a) service quality and accessibility;
 - (b) value for money of the expenditure;
 - (c) implications for other public services and public sector budgets;
 - (d) resilience of the service being provided;
 - (e) implications for the local economy and availability of good work in relevant sub-national labour markets;
 - (f) implications for public accountability and transparency;
 - (g) effect on employment conditions, terms and standards within the provision of the service to be outsourced and when outsourced;
 - (h) implications for public sector contributions to climate change targets;
 - (i) implications on equalities policies of the contracting authority and its compliance with the public sector equality duty.
- (3) The contracting authority and the supplier of the outsourced service must monitor the performance of any contracted service against the public interest test and the stated objectives set by the contracting authority pre-procurement to demonstrate that outsourcing the service in question has not resulted in a negative impact on any of the matters mentioned in subsection (2)(a) to (i).
- (4) The Secretary of State must from time to time set budget thresholds for when a public interest test would be required."

Member's explanatory statement

The amendment would create a process to ensure that contracting authorities safeguard the public interest when considering whether or not to outsource or recontract services.

Clause 72

BARONESS NEVILLE-ROLFE

Page 48, line 29, leave out "£2" and insert "£5"

Member's explanatory statement

This amendment would mean that a contracting authority is only required to publish a modification of a public contract if the contract's value is (or becomes as a result of the modification) more than £5 million.

Clause 78

BARONESS NEVILLE-ROLFE

Page 52, line 23, leave out "might" and insert "it considers are likely to"

Member's explanatory statement

This amendment would mean that the obligation to publish information about mitigating perceived conflicts of interest applies only in respect of those the contracting authority considers are likely to arise.

After Clause 80

BARONESS NEVILLE-ROLFE

Insert the following new Clause –

"Regulated below-threshold contracts: duty to consider small and medium-sized enterprises

- (1) Before inviting the submission of tenders in relation to the award of a regulated below-threshold contract, a contracting authority must—
 - (a) have regard to the fact that small and medium-sized enterprises may face particular barriers in competing for a contract, and
 - (b) consider whether such barriers can be removed or reduced.
- (2) Subsection (1) does not apply in relation to the award of a contract in accordance with a framework."

Member's explanatory statement

This new Clause would require a contracting authority, before inviting the submission of tenders for a regulated below-threshold contract (other than under a framework), to have regard to the particular barriers to competing for a contract that small and medium-sized enterprises may have, and remove or reduce them where possible.

Clause 88

BARONESS NEVILLE-ROLFE

Page 59, line 15, at end insert –

- "(4) A Minister of the Crown must make arrangements to establish and operate an online system for the purpose of publishing notices, documents and other information under this Act.
- (5) An online system established or operated under subsection (4) must
 - (a) make notices, documents and other information published under this Act available free of charge, and
 - (b) be accessible to people with disabilities."

Member's explanatory statement

This amendment would require a Minister of the Crown to set up an online system for the publication of notices, documents and other information under the Bill.

Clause 90

BARONESS NEVILLE-ROLFE

Page 59, line 36, leave out subsection (2)

Member's explanatory statement

This amendment would remove an unnecessary power to establish and operate an online system, since it can be done using common law powers.

Clause 92

BARONESS NEVILLE-ROLFE

Page 60, line 26, after "with" insert "section 11(4) (requirement to have regard to barriers facing SMEs), or"

Member's explanatory statement

This amendment would mean that the duty to have regard to barriers facing small and medium-sized enterprises inserted by the Government amendment to Clause 11 is not enforceable under Part 9.

After Clause 98

LORD COAKER BARONESS HAYMAN OF ULLOCK

Insert the following new Clause –

"Audit of Ministry of Defence procurement

- (1) Within one month of the passing of this Act, the Secretary of State must commission the National Audit Office to produce and publish a report setting out any instances of Ministry of Defence procurement in the period of 5 years ending with the day on which this Act is passed that have resulted in—
 - (a) overspend on initially planned budgets,
 - (b) assets being withdrawn or scrapped or prepaid services terminated,
 - (c) a contract being cancelled,
 - (d) a contract being extended beyond the initially agreed timescale, or
 - (e) administrative errors which have had a negative financial impact.
- (2) The National Audit Office report must include recommendations on how better management of contracts can reduce the loss of public money.
- (3) Within three months of the publication of the report, the Secretary of State must report to Parliament on whether its recommendations have been accepted or rejected, with reasoning in either case.
- (4) The Secretary of State must commission the National Audit Office to conduct a similar review annually."

Member's explanatory statement

This amendment would require an annual audit of Ministry of Defence procurement to be commissioned by the Secretary of State.

Clause 100

BARONESS NEVILLE-ROLFE

Page 65, line 23, at end insert –

"(ba) comply with section (*Regulated below-threshold contracts: duty to consider small and medium-sized enterprises*) (regulated below-threshold contracts: duty to consider SMEs);"

Member's explanatory statement

This amendment would mean that the duty to have regard to barriers facing small and medium-sized enterprises inserted by the Government amendment to Clause 80 may not be the subject of a "section 100 recommendation".

Clause 113

BARONESS NEVILLE-ROLFE

Page 72, line 17, at end insert –

"(za) section 5 (utilities contracts)"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of the powers inserted by the Government amendment to Clause 5.

Page 72, line 20, at end insert –

"(ca) section 50 (publication of contracts);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of powers under Clause 50.

Page 72, line 22, at end insert –

"(ea) section 65(3)(a) (information about payments: financial thresholds);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of powers under Clause 65.

Page 72, line 23, at end insert –

"(fa) section 81 (regulated below-threshold contracts: notices);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of powers under Clause 81.

Page 72, line 25, at end insert –

"(ha) section 86 (pipeline notices);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of powers under Clause 86.

Page 72, line 31, at end insert –

"(na) section 114 (interpretation);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of the powers inserted by the Government amendment to Clause 114.

Page 73, line 12, at end insert –

"(za) section 5 (utilities contracts)"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of the powers inserted by the Government amendment to Clause 5.

Page 73, line 15, at end insert –

- "(ca) section 65(3)(a) (information about payments: financial thresholds);
- (cb) section 70 (contract change notices and publication of modifications);
- (cc) section 81 (regulated below-threshold contracts: notices);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of powers under Clause 65, 70 or 81.

Page 73, line 16, at end insert –

"(da) section 86 (pipeline notices);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of powers under Clause 86.

Page 73, line 20, at end insert –

"(ha) section 114 (interpretation);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of the powers inserted by the Government amendment to Clause 114.

Page 73, line 32, at end insert –

"(za) section 5 (utilities contracts);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of the powers inserted by the Government amendment to Clause 5.

Page 73, line 39, at end insert –

"(ga) section 114 (interpretation);"

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of the powers inserted by the Government amendment to Clause 114.

Clause 114

BARONESS NEVILLE-ROLFE

Page 74, line 24, at end insert –

""small and medium-sized enterprises" means suppliers that -

- (a) have fewer than 250 staff, and
- (b) have a turnover of an amount less than or equal to £44 million, or a balance sheet total of an amount less than or equal to £38 million;"

Member's explanatory statement

This amendment would insert a definition of "small and medium-sized enterprises" for the purposes of the Government amendment to Clause 11 and the Government's new clause after Clause 80 inserting duties in relation to those enterprises.

Page 74, line 31, at end insert –

- "(3) An appropriate authority may by regulations change the definition of "small and medium-sized enterprises".
- (4) Regulations under subsection (3) may amend this section."

Member's explanatory statement

This amendment would allow the Secretary of State to more precisely define "small and medium-sized enterprises".

Clause 115

BARONESS NEVILLE-ROLFE

Page 76, line 8, at end insert –

"publication of a tender notice

section (Qualifying utilities dynamic markets notices: no duty to publish a tender notice)"

Member's explanatory statement

This amendment is consequential on the Government's new Clause on qualifying utilities dynamic market notices.

Page 76, line 13, at end insert –

"small and medium-sized enterprises" | section 114"

Member's explanatory statement

This amendment is consequential on the Government amendment to Clause 114 inserting a definition of "small and medium-sized enterprises".

Schedule 2

BARONESS NEVILLE-ROLFE

Page 84, line 2, leave out from "contract" to end of line 3 and insert "that is required to be awarded in accordance with the public service obligations regulations.

(2) In this paragraph, "the public service obligations regulations" has the meaning given by section 136(11) of the Railways Act 1993."

Member's explanatory statement

This amendment would specify what public passenger transport services are within scope of this exemption.

Page 86, line 35, at end insert –

"32A A contract for the supply of goods, services or works wholly or mainly for the purpose of an activity that would be a utility activity if it were not specified in Part 2 of Schedule 4."

Member's explanatory statement

This amendment would ensure that exemptions to the scope of utilities contracts under Part 2 of Schedule 4 apply to exempt those contracts from the Bill where entered into by public authorities.

Page 86, line 40, leave out from "contract" to end of line 45 and insert "that —

- (a) confers an exclusive right to operate a relevant scheduled air service for a period of four years or a series of periods falling within a period of four years, and
- (b) imposes minimum service requirements in respect of that service during those periods.
- (2) In this paragraph –

"air service" means a flight, or a series of flights, carrying passengers or cargo (including mail);

"airport" means any area especially adapted for air services; "relevant scheduled air service" means an air service that—

- (a) operates between two airports within the United Kingdom or within the United Kingdom and Gibraltar,
- (b) the Secretary of State considers to be necessary in order to maintain sufficient transport links between the areas served by the airports."

Member's explanatory statement

This amendment would more precisely define the concession contracts subject to this exemption.

Schedule 4

BARONESS NEVILLE-ROLFE

Page 91, line 2, leave out paragraphs 7 and 8

Member's explanatory statement

This amendment, and the Government amendments to Clause 5, would replace a process for exempting activities from being utility activities with those exempted activities being specified in a new Part 2 of Schedule 4.

Page 91, line 43, after "this" insert "Part of this"

Member's explanatory statement

This amendment would be consequential on the division of Schedule 4 into two Parts.

Page 92, line 3, at end insert –

"PART 2

ACTIVITIES THAT ARE NOT UTILITY ACTIVITIES

- 10 Generation of electricity in England, Scotland or Wales.
- 11 Production of electricity in England, Scotland or Wales.
- Wholesale or retail sale of electricity in England, Scotland or Wales.
- 13 Wholesale or retail sale of gas in England, Scotland or Wales.
- 14 Exploration for oil in England, Scotland or Wales.
- 15 Exploration for natural gas in England, Scotland or Wales.
- 16 Production of oil in England, Scotland or Wales.
- 17 Production of natural gas in England, Scotland or Wales.
- Development of infrastructure for production of oil in England, Scotland or Wales.
- 19 Development of infrastructure for production of natural gas in England, Scotland or Wales."

Member's explanatory statement

This amendment would expressly set out the activities that are not to be utility activities under the Bill.

Schedule 10

BARONESS NEVILLE-ROLFE

Page 113, line 39, at end insert –

- "6A (1) Section 42 (single source contract regulations: general) is amended as follows.
 - (2) In subsection (4)(b), omit the second "or".

Schedule 10 - continued

(3) After subsection (4)(b) insert –

"(ba) provision made by virtue of section 15(2)(b) (pricing of contracts), whether alone or with other provision, or"."

Member's explanatory statement

This amendment would apply the affirmative procedure to an exercise of powers under the new provision in section 15 of the Defence Reform Act 2014 inserted by paragraph 3(3) of this Schedule.

Schedule 11

LORD LANSLEY

Page 117, line 34, leave out paragraph 3 and insert –

"3 The provisions of the Act resulting from the Trade (Australia and New Zealand) Bill insofar as they were included in the Bill at its introduction to the House of Commons on 11 May 2022."

Member's explanatory statement

This amendment would limit this repeal to those provisions in the Trade (Australia and New Zealand) Bill which are replaced by the powers in Part 7; any amendments to the Trade (Australia and New Zealand) Act which are not rendered unnecessary by this Bill would remain in Statute.

BARONESS NEVILLE-ROLFE

Page 118, line 8, leave out paragraphs 8 to 11

Member's explanatory statement

This amendment would preserve the Commission Decisions.

AMENDMENTS

TO BE MOVED

ON REPORT

21 *November* 2022

HL Bill 63(h) 58/3