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Part 1

Local Approaches to Public Procurement – Birmingham Anchor Network Revisited

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Local Approaches to Public Procurement – Birmingham Anchor Network Revisited

In 2024, IPEC published a research brief by Conrad Parke from CLES, titled ([Practising Innovation in Public Sector Procurement - Working with the Anchor Institutions](#)), which examined how the Birmingham Anchor Network could use the then-proposed Procurement Act to support Birmingham's economy by increasing public sector spend with local SMEs and social enterprises.

The Procurement Act 2023, in force from February 2025, alongside the updated National Procurement Policy Statement (NPPS), provides a significantly strengthened policy framework to support this shift by requiring contracting authorities to consider and reduce barriers faced by SMEs and VCSEs, by embedding expectations around proportionate, more accessible and outcome-focused procurement processes, and by reinforcing the role of procurement as a strategic tool for economic growth, market-shaping and supply chain resilience.

While the Act creates a clearer and more supportive enabling environment, it remains permissive rather than mandatory. This creates a material risk of uneven adoption, fragmented implementation and continued institutional risk aversion, limiting the scale of impact that could otherwise be achieved.

In response, the Birmingham Anchor Network convened a cross-institutional roundtable in April 2025 to explore the case for a shared, place-based approach to implementing the Act. While the purpose of the roundtable was not to pre-empt outcomes, it was intended to establish a shared and practical interpretation of key aspects of the Act. In particular, discussions focused on:

- Defining “barriers to participation” for SMEs and VCSEs, building on the Government’s published guidance identifying twelve core barriers, and agreeing not only a common list but also how these barriers can be systematically reduced or removed in practice;
- Considering the case for shared targets to increase procurement spend with SMEs and VCSEs across anchor institutions;
- Clarifying what “proportionate” means in practice when assessing tenders, with a particular focus on simplifying and standardising approaches for below-threshold procurements

Taken together, this reflects a strategic ambition to use the new legislative framework as a platform for system change, moving from isolated institutional initiatives to a coordinated, city-wide approach to procurement.

Introduction

In 2024, IPEC published a research brief by Conrad Parke from CLES, titled ([Practising Innovation in Public Sector Procurement - Working with the Anchor Institutions](#)), which discussed how the Birmingham Anchor Network was planning to use the then-proposed new Procurement Act to support Birmingham's economy by increasing public sector spending through local SME's and Social Enterprises.

The term 'anchor institutions' is used to refer to organisations which are often overlooked as economic assets but are nevertheless large-scale employers, significant purchasers of goods and services in a locality and owners of land and physical assets. In other words, if properly supported, these organisations have the potential to have a greater local economic impact. Birmingham offers this support through the CLES-coordinated Birmingham Anchor Network, which now has eight members (the local authority, a hospital trust, two universities, two colleges, and two housing associations) that collectively represent over 40,000 jobs and over £3.5 billion in spend.

The Birmingham Anchor Network is now five years old and its main focus since day one has been the challenge of **how to increase local spend**. The previous research brief (Practising Innovation in Public Sector Procurement - Working with the Anchor Institutions) highlighted some of the barriers we face and how we hoped the new Procurement Act, which was then due to come into force in October 2024 but was delayed until February 2025, would help overcome them. In summary, the barriers for procurement teams included:

- Being driven by compliance and cost-saving rather than a local economic contribution or social return on investment.
- Not having the resources to develop relationships and trust with local businesses, so instead relying on nationals and multinationals, as they are seen as 'safer'.

Whereas, when examining the issues from the perspective of local enterprises, the barriers we came across were:

- Limited understanding of how to measure or effectively use the social impact they create in order to demonstrate their suitability for a project.
- Not enough capacity to engage in lengthy or detailed procurement processes, particularly when the outcome is so uncertain.
- Limited knowledge of how to navigate the public procurement process themselves and create effective partnerships.

The aim was to produce an update once the Procurement Act 2023 was released in October 2024; however, due to its delay until February 2025, making an update in the short timeframe since its release has been tricky.

However, since the Procurement Act 2023 has come into effect now, we can provide an update on the elements of the new Act we, here in Birmingham, are most interested in. Also, as with last year's IPEC Research Brief, I must thank Anthony Collins solicitors, who have been working with Birmingham Anchor Network to help develop this insight.

The Procurement Act 2023 - Opportunities for Greater Local Spend.

First of all, while the Procurement Act 2023 in its entirety covers all aspects of public sector procurement, all I am interested in are the elements that relate to increasing public sector spend through SME's and Voluntary, Community and Social Enterprises (VCSEs)' as highlighted in the updated National Procurement Policy Statement (NPPS) in February 2025 which states:

- **Contracting authorities can deliver value for money by driving economic growth and strengthening supply chains by giving small and medium-sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) a fair chance.**
- Small businesses and social enterprises are more likely to generate diverse and thriving local economies, creating jobs and economic growth.
- Increasing procurement spend with these suppliers is a national priority to drive economic growth.

This is then backed up in the Procurement Act itself by the following:

- **12 (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**

- **13 (9): A contracting authority must have regard to the national procurement policy statement**
- **23 (2): Award Criteria - (d) are a proportionate means of assessing tenders, having regard to the nature, complexity and cost of the contract**
- **86: Regulated below threshold contracts: duty to consider small and medium-sized enterprises**

Compared to the previous versions of the NPPS and the Procurement Act 2023, this, I think, represents a real strengthening of the Government's commitment to supporting SMEs and VCSEs through public sector spend. This is very welcome. But I would still describe the Act as giving 'permission' to pursue this rather than making it compulsory. This, in turn, raises concerns that the potential positive impact of the Act will become watered down when it comes to actual implementation in practice. These concerns include:

- Different institutions interpret the Act differently, thereby further confusing the market.
- Some institutions potentially ignoring the elements of the Act relating to SME/VCSE spend completely, as the Act contains no actual requirement to implement them.
- Procurement Officers, wishing to use the Procurement Act to implement something progressive, not feeling sufficiently protected by it, as a different interpretation of the Act could lead to a challenge.

Next Steps

To avoid these potential pitfalls, the Birmingham Anchor Network convened a Procurement Act Roundtable on 1st April 2025, hosted by Anthony Collins Solicitors. At this event, there were representatives from:

- Birmingham City Council
- NHS
- Aston University
- Birmingham Chamber of Commerce
- West Midlands Combined Authority
- Centre for Local Economic Strategies.
- The Initiative for Social Entrepreneurs.

In simple terms, the group was asked to discuss ***the potential value of a Birmingham approach to interpreting/implementing the new Act for the greater benefit of the city's economy.***

Although I did not wish to pre-suppose what the discussion would cover or where it would lead, I had hoped that it would result in an agreed interpretation of key aspects of the Act, such as:

- What do we mean by 'the barriers to participation' for SMEs and VCSEs? The Government has issued '*Feedback from SMEs highlighting barriers to public procurement access*', as part of the Guidance to the Act, and contains twelve distinct barriers. But can we not just agree on this list but also on how 'such barriers can be removed or reduced'?
- Setting targets for '*increasing procurement with these suppliers*'?
- What does 'proportionate' mean when it comes to assessing tenders? Where I have a particular interest in simplifying and unifying the assessment of below threshold tenders.

Because if we could achieve these agreements, then, in my role as Birmingham Anchor Network Co-ordinator, it would mean:

- Being able to provide procurement officers with the backing of the whole network if they are challenged on their interpretation of the Act and how they implement it.
- Being able to build a procurement ecosystem to enable greater local spend that can serve ALL the anchor network partners – not a different system for each.
- Even potentially creating a 'one front door' approach for local businesses, whereby they only have to go through one qualification process to gain access to opportunities with all eight network institutions.

All this is still hypothetical, but I believe the content of the new NPPS and the new Act will make these ambitions more realistic and achievable. I'll report again in a few months!



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