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Part 2

Local Approaches to Public Procurement – Evidence from Local Procurement Practices

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Local Approaches to Public Procurement – Birmingham Anchor Network Revisited

This briefing is the second in a series exploring how public procurement can be used more strategically to strengthen local economies, support SMEs and social enterprises, and deliver wider social, economic and environmental value. While Part 1 (Local Approaches to Public Procurement – Birmingham Anchor Network Revisited) argued for a top-down, Birmingham-wide strategic approach to implementing the Procurement Act 2023, this brief proposes a complementary bottom-up approach based on practical case studies and proven delivery models.

A key, often overlooked, barrier to progressive procurement is risk aversion. Many procurement teams are reluctant to adopt new approaches because of concerns about legal challenge, cost, or supplier performance. Case studies provide a powerful way to overcome this: they demonstrate what is legally possible, operationally workable, and already delivering results in practice.

This briefing presents three real-world examples of progressive procurement:

1. Using reserved contracts to work with social enterprises (Pioneer Group and Better Pathways, Birmingham)
2. Using lots to open up large contracts to smaller local firms (Bournville Village Trust and Midland Mouldings)
3. Building social value directly into the subject matter of contracts (Stockport Homes and B4Box, via Anthony Collins Solicitors)

Together, these examples show that transformative change does not need to wait for system-wide reform but can begin immediately through targeted, practical adjustments to procurement practices, unlocking inclusive growth, strengthening local markets and capabilities, accelerating net-zero delivery, and embedding social value.

Introduction

In Part 1, (Local Approaches to Public Procurement – Birmingham Anchor Network Revisited), I proposed using the new Procurement Act 2023 as an opportunity to overcome some of the barriers to increasing local public spend that we have identified here in Birmingham through the work of the Birmingham Anchor Institution Network. The previous brief (Local Approaches to Public Procurement – Birmingham Anchor Network Revisited) proposed a Birmingham-wide strategic approach, bringing in multiple partners who can then introduce a joint interpretation of the Act in an integrated manner across the city. In this way, it is hoped that an infrastructure can be built that links local businesses to public procurement opportunities across multiple sectors or categories.

In Part 2, (Local Approaches to Public Procurement – Evidence for Local Procurement Practices) I am going to propose an exactly opposite approach to achieving the same aim. One that starts small and grows ‘bottom-up’ and this approach is the use of case studies and examples of good practice. This is because one of the barriers to local procurement I did not include above is that of risk aversion. Procurement officers in large institutions do not feel confident, secure, or supported in using a new approach to procurement because of the perceived ‘risk’ of legal challenges, increased costs, or the failure of a new supplier to deliver.

The beauty of the ‘case study’ is that not only does it explain the new approach but can also provide the legal underpinning, thus avoiding challenges and providing evidence of successful delivery.

The three case studies I am going to briefly outline here all highlight a different progressive procurement approach, these being:

- Case Study 1 – the use of reserve contracts.
- Case Study 2 – the use of lotting.
- Case Study 3 – building social value into the subject matter of a contract.

The first two case studies come from pilots here in Birmingham. The third case study was provided by the excellent Anthony Collins Solicitors and is based on the work they did in partnership with Stockport Council.

Case Study 1 - Using reserved contracts to work with social organisations

This case study is grounded in Regulation 20 of the Public Contracts Regulations 2015, which allows contracting authorities to reserve participation in procurement procedures for sheltered workshops and economic operators whose primary purpose is the social and professional integration of disabled or disadvantaged people.

The social enterprise: Better Pathways

Better Pathways is a mental health charity based in Digbeth, Birmingham. They support people with poor mental health, learning disabilities and other neuro-diverse conditions into employment, training, education and volunteering. One of the ways they do this is by running a vocational pathway programme through their social enterprise that delivers signage and printing services - amongst other things. They have supported 140 participants in the past year and are aiming to double this number over the next two to three years.

The challenge: Barriers to accessing public procurement

Better Pathways' growth has been constrained by two key barriers:

- Procurement bureaucracy, which placed a disproportionate administrative burden on a small social enterprise; and
- Price-based competition, where Better Pathways often lost out to larger private-sector firms by narrow margins, despite delivering wider social value.

These challenges are typical of many social enterprises and SMEs attempting to engage with large public-sector buyers.

The anchor institution: The Pioneer Group

The Pioneer Group is a housing association that owns about 55% of the housing in Castle Vale, a ward situated in the far east of Birmingham. Castle Vale ranks among the most deprived areas in England according to the Index of Multiple Deprivation 2019.

Pioneer Group is also part of the Birmingham Anchor Network, eight large public sector institutions in the city working together to try and do more for the local Birmingham economy. One of the ways of achieving this that the network has been exploring is how to procure more goods and services through local businesses, particularly SMEs and social enterprises. However, progress has been slow due to:

- Perceived restrictions in public sector procurement legislation
- Limited resources to help new businesses to become contract-ready.

The intervention: Applying Regulation 20 in practice

The Network members were introduced to Public Contracts Regulations Article 20 . The legal context is Regulations 2015 Article 20, which states:

- (1) Contracting authorities may:
- (a) reserve the right to participate in public procurement procedures to sheltered workshops and economic operators whose main aim is the social and professional integration of disabled or disadvantaged persons, or
 - (b) provide for such contracts to be performed in the context of sheltered employment programmes, provided that at least 30% of the employees of those workshops, economic operators or programmes are disabled or disadvantaged workers.
- (2) In such cases, the call for competition shall make reference to Article 20 of the Public Contracts Directive.

Using these regulations Pioneer were able to make it far easier for Better Pathways to join their supplier list and now Better pathways are receiving a regular stream of small contracts for signage work without having to go through a competitive process each time. This has also led to a much closer working relationship between Better Pathways and Pioneer, particularly with commissioning managers, which has led to plans for even more work in the future.

Case Study (2) - Using lots to encourage small businesses and social enterprises to bid.

This case study is grounded in the Procurement Act 2023, which strengthens the requirement for contracting

authorities to consider the use of lots when designing procurements. In particular, the Lots are a way to split a larger single procurement into smaller “chunks” which are then procured under separate contracts with different suppliers.

There are potentially significant benefits to doing this, such as:

- Risk reduction in the supply chain.
- Maintaining the long-term viability and diversity of the supply market through the award of a higher number of contracts.
- Using lots might encourage small and medium-sized enterprises (SMEs) to bid. For example, they may find it easier to tender for or deliver smaller contracts, or smaller parts of larger contracts.

The anchor institution: Bournville Village Trust

Bournville Village Trust are a housing association largely based in south Birmingham and a member of the Birmingham Anchor Network. They have been exploring alternative approaches to procurement to:

- Help alleviate risk, and,
- Obtain Value for Money while also,
- Fulfilling their role as an Anchor Institution by supporting local businesses.

A recent example of this commitment concerns a multi-million-pound Timber Windows and Doors project that had the added complexity of needing to be delivered in a conservation area.

The challenge: Balancing risk, compliance, and local supply-chain access

When Bournville Village Trust first let the Windows and Doors contract, they faced a dilemma.

- The large national companies that bid for the work all proposed using standard doors that did not meet the requirements of the conservation area officer.
- Midland Mouldings, who also bid, could manufacture bespoke doors but were not a large enough business to take on the whole contract. They had also never supplied Bournville Village Trust before.

Under a conventional single-contract approach, this would likely have resulted in either a technically non-compliant solution, or the exclusion of a capable local specialist supplier.

The intervention: Using lots under the Procurement Act 2023

The Procurement Act 2023 (Act) makes provisions in relation to lots at Section 18 (Duty to consider lots), section 20 (Competitive tendering procedures) and Section 23 (Award Criteria). These are supported by various provisions in the regulations.

Through a 'lotting' process, the contract was shared by four different providers. The majority of windows are being provided and installed by three large national companies, whereas the majority of doors are being supplied by a very small local company – Midland Mouldings, a family-run Birmingham-based 'micro' business that has provided specialist woodworking solutions for over three generations. So Midland Mouldings were paid to produce a trial set of 20 doors. These passed with flying colours, so the Trust used the Lotting legislation to separate out just the door element of the contract and awarded it to Midland Mouldings.

The benefits have been huge. Not only did Midland Mouldings successfully deliver the work they were also innovative in suggesting a design which met all the requirements of the conservation officer whilst also reducing the cost to BVT. This has now led to further work and what was a very small company is now taking on additional staff. As for Bournville Village Trust they now have a platform to pursue more small contracts with local businesses to help them establish themselves in the BVT supply chain.

Case Study 3 - Building social value into the subject matter of a contract.

This case study is slightly different because it does not relate to a specific element of procurement law. Rather, it is something any public institution can do without the requirement of legal support.

The challenge: Going beyond Social Value

The challenge being addressed is how to improve social value outcomes from a public contract. At present, many institutions use a weighting approach to achieve social value when scoring tenders submitted by suppliers. This usually varies between 10% and 20%. The potential shortcoming of this approach is that a supplier could achieve a very low social value score yet still win the contract or achieve a good score but without actually delivering the social value you are most interested in.

The challenge: Going beyond Social Value

One way to overcome these risks is to build the social value into the heart of the contract itself. For example, rather than tender a catering contract and hope it delivers youth employment outcomes why not tender a youth training contract that delivers a catering service? In this way the potential pitfalls of 'social value weighting' are bypassed.

A case study that successfully delivered this approach comes from the excellent Anthony Collins Solicitors who are legal experts in public procurement and have been supporting the work of the Birmingham Anchor Network.

I was not directly involved in this work so instead I direct you to the full case study which can be found here -

<https://www.anthonycollins.com/the-green-economy/transforming-a-services-contract-into-a-force-for-good/>

In brief - Stockport Homes manage the housing stock of Stockport Council, while B4Box are a construction firm with a focus on training. Stockport Homes are also an institution keen to support employment and training, particularly for young people not in employment or training. So when the opportunity came to purchase construction and repair services they built training into the subject matter of the contract - in other words Stockport Homes were looking to buy employment for local people, using construction as the tool rather than vice-versa! This put B4Box in prime position to win the work which they duly did.

Young people not in education and long-term unemployed people are now benefiting from new opportunities. And, since B4Box are committed to recruiting from within five miles of a job site, there is a significant reduction in travel miles (and therefore carbon emissions) compared to a typical works contract, where the contractor can source its workforce from far and wide.

Conclusion

Taken together, these three case studies show that progressive procurement is not about bending the rules or taking excessive risks, but about using the system more confidently and more innovatively. Whether through reserved contracts, the strategic use of lots, or embedding social value directly into the subject matter of contracts, each example demonstrates a practical, lawful, and low-risk way to open up public procurement to social enterprises and SMEs while also stimulating innovation in service design, delivery models, and market structures. Crucially, they show that how contracts are designed and structured matters as much as how much is spent. Small, targeted changes in procurement practice can unlock significant social, economic, environmental, and innovation benefits, build confidence among procurement teams, and turn everyday public spending into a powerful tool for inclusive growth, net-zero delivery, and capability-building in local markets.

References

Peer review research articles you might want us to reference:

Dp we have these?



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