



Government of the United Kingdom
Cabinet Office

Public Procurement: Growing British industry, jobs and skills

Government response to consultation



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Presented to Parliament
by the Secretary of State for the Cabinet Office
by Command of His Majesty

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Introduction

In June 2025, the Cabinet Office consulted on proposals to ensure that public procurement plays its full role in delivering the Government's Industrial Strategy and fostering a resilient economy that supports British businesses. The overarching goals of these proposals are to create or secure local jobs, skills, and opportunities in public contracts, guarantee small businesses are paid on time, and track procurement spend with local businesses and social enterprises.

Questions in the consultation sought feedback from stakeholders. This document summarises the feedback received, broken down by respondent type, and summaries key themes raised in the responses.

Background to the proposals

The Procurement Act 2023 (the 'Act') reformed the rules that govern the £385 billion spent through public procurement every year. In line with the manifesto, the Government intends to use the Act to create a simpler and more transparent regime for public sector procurement that delivers better value for money, drives economic growth, and safeguards national interests.

The Act came into force on 24 February 2025 with a new National Procurement Policy Statement (NPPS) setting out the Government's strategic priorities for public procurement. The Act revoked the previous regulations, (i.e. the Public Contracts Regulations 2015, the Concession Contracts Regulations 2016, the Utilities

Contracts Regulations 2016 and the Defence and Security Public Contracts Regulations 2011). However, some procurements will continue to take place under these ‘previous rules’.

To support implementation of the NPPS, the Government has already introduced a number of new measures:

- All central government departments and their arms length bodies (ALBs) will set three-year targets for direct spend with SMEs from April 2025 (with targets for VCSEs to follow in 2026) and publish progress annually.
- Guidance for departments on excluding suppliers from bidding for major contracts (+£5m) if they cannot demonstrate they pay their invoices in an average of 45 days.
- Publishing an update to the model for taking account of social value in central government procurement, streamlining the standard criteria and aligning with the five missions.
- Developing a new online register of commercial agreements that will give contracting authorities better visibility of existing frameworks and the fees they charge, improving decision-making and ensuring value is maximised.

The proposals in the consultation aim to build on these measures to ensure that public procurement plays its full role in delivering the Government’s industrial strategy and fostering a resilient economy that supports British

businesses and local communities. The reforms will enhance the UK's economic resilience and strengthen supply chains in line with the Government's Industrial Strategy. They will open up more opportunities for small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs), which are vital for driving the UK economy. This approach will enable public procurement to advance the national interest while respecting the UK's international trade commitments.

Consultation Process

This public consultation represents the latest milestone in an extensive, ongoing program of stakeholder engagement dedicated to the reform of UK public procurement regulation. The consultation was formally hosted on GOV.UK, where it remained open to all interested parties from 26 June to 5 September 2025. To facilitate structured feedback, the consultation document invited participants to submit their views through a comprehensive electronic survey.

The primary objective of this consultation was to gather expert feedback on proposals intended to amend the Act, subject to the availability of parliamentary time.

This document summarises: general information about the volume and sectoral origins of respondents; figures on the extent to which respondents agreed or disagreed with the questions posed and key themes and reasons

for those views. It aims to reflect the range of views offered but not to discuss individual responses in detail.

The Cabinet Office is grateful to all those who took the time to respond and for their help in developing the proposals.

Next Steps

We have considered carefully all of the comments received and this feedback will inform the Government's planned reforms to public procurement to support the delivery of the Government's Plan for Change. Any future legislative proposals would be dependent on securing parliamentary time.

Headline Figures and Key Themes

We received 811 responses to the main survey as well as 52 additional responses by email. All responses have been considered but only responses to the main survey feature in our statistical analysis. Suppliers accounted for around 33% of responses. Contracting Authorities accounted for 43.71% (including local government (17%), and central government (5%)). Approximately 23% of responses came from 'other parties' (such as legal firms, trade bodies and others). The remainder did not reveal these details.

As part of the consultation the Government outlined proposals to give Ministers powers to designate specific services, works or goods as critical to our economic security and direct contracting authorities to take this into

account when considering the application of the national security exemption. The Government did not invite public consultation on this proposal but it is engaging with relevant national security stakeholders as necessary.

Charts by respondent type

Chart 1-1: Responses by respondent type - Contracting Authorities, Suppliers, Other

17. Is your organisation primarily interested as:			
Answer Choices		Response Percent	Response Total
1	A contracting authority	43.78%	278
2	A supplier	33.07%	210
3	Another interested party (legal firm, academic, trade group/professional body, regulator, campaign group/ think tank, charity/voluntary sector organisation, other)?	23.15%	147
		answered	635
		skipped	176

Chart 1-2 - Contracting Authorities by type

18. Please specify what type of contracting authority			
Answer Choices		Response Percent	Response Total
1	Central Government	13.31%	37
2	Local Government	50.00%	139
3	Higher or Further Education	7.19%	20
4	Other education	1.08%	3
5	Health/NHS	6.47%	18
6	Utility	3.24%	9
7	Housing	6.47%	18
8	Police/Fire/Rescue	3.96%	11
9	Centralised Purchasing Authority/ Buying Organisation	4.68%	13
10	Other (please specify):	9.71%	27
		answered	278
		skipped	533

Chart 1-3: Responses from Industry

19. Please specify if you are also...			
Answer Choices		Response Percent	Response Total
1	A strategic supplier to government	25.24%	53
2	A Small or Medium Sized Enterprise (SME)	54.76%	115
3	A Voluntary, Charitable or Social Enterprise (VCSE)	16.67%	35
4	None of these	15.71%	33
		answered	210
		skipped	601

Analysis and Response to Individual Questions

Supporting small businesses and social enterprises

Targets for increasing procurement spend with SMEs and VCSEs

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?

Summary of Responses

There were 782 replies to this section. The majority of the responses to question 1a were positive with 57% being either agree or strongly agree, a further 13% neither agree nor disagree. With 30% replying disagree or strongly disagree.

566 respondents provided comments alongside their ratings. The majority of these comments supported the proposal to set and publish 3-year targets for direct spend with SMEs and VCSEs and report against them annually. Some of the comments raised concerns that this would create additional administrative burden for contracting authorities.

Those who agreed with the targets suggested there should be central guidance in place to support the setting of these targets, with some respondents going further and recommending benchmarks or indices should be established per sub-sector (e.g. by unitary local authority, NHS Trust, district council, central government department) to enable contracting authorities to understand what ambition they should be working towards.

Some contracting authorities pushed for flexibility to include bodies with procurement spend below £100m per annum into spend targets. Some contracting authorities suggested targets should reflect both direct and indirect spend with SMEs/VCSEs due to the high level of subcontracting with these groups.

Finally, a high proportion of suppliers suggested transparency of data alone was not a strong enough enforcement mechanism without specific penalties for not meeting SME/VCSE spend targets would reduce the incentive to comply with the reporting requirements.

Increased Transparency Reporting

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?

Summary of Responses

There were 773 replies to this section. The majority of the responses to question 2a were positive/neutral with 43% being either agree or strongly agree, a further 19% neither agree nor disagree and 38% replying disagree or strongly disagree.

522 respondents provided comments alongside their ratings. The majority of respondents agreed with the principle of transparency over authorities' expenditure on public contracts, recognising its role in encouraging competition, innovation and value for money. Suppliers particularly saw the benefits that increased spend reporting could bring, including better insight into contracting authority spending and opportunities to work with the public sector. Some respondents argued the £30,000 threshold was too high to support SME spend reporting effectively therefore supported a reduction in threshold.

Contracting authorities raised concerns of the practical burden of implementing spend reporting requirements under section 70 of the Procurement Act 2023.

Authorities highlighted the significant costs and resources needed to match payment and procurement data between Enterprise Resource Planning (ERP) systems and e-procurement platforms. The majority of contracting authorities recognised however this was a challenge of implementing current reporting requirements under section 70, and once a digital solution was in place reducing the threshold of payments in scope should not represent a significant increase in administrative burden.

Some respondents across contracting authorities and suppliers noted that extending the requirements of section 70 to include all payments made under public contracts and below-threshold contracts is unlikely to be the primary driver of increased spend with SMEs and VCSEs. The focus should instead be on reducing barriers to entry, simplifying procurement processes, and providing targeted support that enables these groups to better compete in public procurement opportunities.

Prompt Payments

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 their supply chains (within an average of 60 days) would help improve late payment by suppliers to the public sector?

Summary of Responses

There were 774 replies to this section. The majority of the responses to question 3a were positive with 73% being either agree or strongly agree, a further 13% neither agree or disagree and 14% replying disagree or strongly disagree.

502 respondents provided comments alongside their ratings. The majority of respondents agreed with the principle of a prompt payment related exclusion ground, with suppliers specifically highlighting the damaging knock-on effect late payments can have on businesses' ability to manage their cash flow and plan for growth.

SMEs and VCSEs however highlighted that 60 days would be too long and a suggestion of 30 days would provide more security. This was echoed by the majority of strategic suppliers.

Local government and industry bodies, whilst agreeing with the proposal, highlighted that it must be implemented in a way that does not generate disproportionate red tape for businesses.

Local government respondents also raised concerns of legal challenge if this is to be treated as a discretionary exclusion ground. Concerns were raised that suppliers may present mitigating factors for delays which contracting authorities may not be in a position to provide a clear judgment on.

People focused services

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?

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).

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?

Summary of Responses

There were 759 replies to question 4 and 359 and 331 responses to questions 5 and 6 respectively. The majority of the responses to question 4 were positive with 60% being either agree or strongly agree, a further 24% neither agree or disagree with 16% replying disagree or strongly disagree.

The majority of respondents supported having flexibility for people-focused services contracts to be awarded without competition. The support was strong especially from local authorities and VCSEs. Respondents who agreed with the proposal saw greater flexibility as beneficial, preferred a person-centred approach to commissioning (rather than strict competitive procurement process), welcomed opportunities for a more collaborative/partnership approach between commissioners and providers, recognised this could benefit SMEs and VCSEs and also, that it could help maintain service continuity where providers are performing well.

The respondents who disagreed tended to do so in relation to concerns over whether this could negatively impact value for money, quality of care, propriety and the market (for example making it harder for new entrants). The main alternative suggested was that more should

be done to improve commercial practice and to make greater use of the existing flexibilities in the Act, rather than reduce competition.

Similarly, a repeated theme from supporters of the measure was that there should be some safeguards to ensure greater flexibility is not mis-used. The main suggestions related to requirements to evidence and/or justify value for money, appropriate transparency, right levels of governance and accountability. Some less common suggestions related to including guidance, oversight and/or monitoring mechanisms and including explicit legislative safeguards and/or criteria for when an award without competition would be appropriate.

In relation to whether other services, alongside social care services, could be included within 'people-focused services', quite a number of respondents made suggestions. The main ones included, health, education and transport (e.g. for vulnerable people to access services). Other services suggested included those relating to wider social services, accommodation, domestic abuse support, homelessness support (and housing), community services, mental health support (including substance), rehabilitative and probation services (drugs, criminal justice), youth services, and others. It should be noted that some respondents suggested services but still disagreed with having greater flexibility for awards without competition.

Finally, various examples of good practice in the procurement of people-focused service were also shared.

Supporting national capability

Building commercial capability through sourcing decisions

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?

Summary of Responses

There were 775 replies to this section. The majority of the responses to question 7 were positive with 56% being either agree or strongly agree, a further 22% neither agree nor disagree with 22% replying disagree or strongly disagree.

491 respondents provided comments alongside their ratings. The majority of respondents agreed with the principles of the public interest test and supported the additional transparency and accountability that the test would bring to strategic decision-making. Responses from individuals highlighted the key to success lies in ensuring that the public interest test is meaningful, evidence-based, and supported by adequate resources, training, and guidance. Respondents mentioned without these safeguards, there is a risk that the public interest test could become a superficial or bureaucratic exercise, undermining its potential to improve public procurement outcomes.

Some contracting authorities raised concerns that the proposal risked duplicating existing processes, such as

business cases, options appraisals, and governance frameworks. Contracting authorities challenged the additional burden these reporting requirements would bring and so welcomed the proposal for a threshold for these reporting requirements.

Finally, suppliers and contracting authorities raised the potential unintended consequences of the proposal such as market disruption. Concerns were raised about the impact on existing suppliers, particularly SMEs, if insourcing becomes the default approach.

Supporting good quality, local jobs and skills

Strengthening and streamlining social value

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?

Summary of Responses

There were 784 replies to this section. The majority of the responses to question 8 were positive with 57% being either agree or strongly agree, a further 15% neither agree nor disagree with 28% replying disagree or strongly disagree.

569 respondents provided comments alongside their ratings. There was strong support for mandating a minimum 10% weighting, with many respondents agreeing that this would increase the visibility and importance of social value in procurement decisions.

However, many of those who agreed also cautioned against setting a weighting higher than 10%, viewing this as potentially disproportionate. A recurring theme across the responses was the concern that a weighting higher than 10% could distort competition and inadvertently favour larger organisations that have more resources to dedicate to social value initiatives, thereby putting SMEs, VCSEs, and charities at a disadvantage.

Views on the proposed £5m threshold were mixed. While some respondents felt it was a reasonable and proportionate level, others raised concerns that it could still place a burden on SMEs bidding for contracts just over the threshold, or that it might miss opportunities to deliver meaningful social value in significant contracts valued just below £5m. Some suggested that thresholds should be applied more flexibly or with exemptions for certain contract types.

While the focus on 'jobs, opportunities or skills' was welcomed by many as a key driver of economic growth, a significant number of respondents felt this scope was too narrow. They argued for the inclusion of other critical priorities, most notably environmental outcomes, alongside health and wellbeing, and diversity and inclusion.

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?

Summary of Responses

There were 784 replies to this section. The majority of the responses to question 9 were positive with 70% being either agree or strongly agree, a further 14% neither agree nor disagree with 16% replying disagree or strongly disagree.

486 respondents provided comments alongside their ratings. This proposal received strong backing from a wide range of respondents. Supporters agreed that mandating KPIs and public reporting would be a crucial step towards ensuring that social value commitments made during the bidding process are delivered in practice. Many noted that this measure would address a long-standing issue where social value promises are not always rigorously monitored or measured post-award, and that it would significantly improve transparency and accountability.

Those who disagreed, or who supported the proposal with caveats, primarily raised concerns about the potential for increased administrative burdens on both contracting authorities and suppliers, particularly

SMEs. They highlighted the need for the process to be simple and proportionate to avoid creating unnecessary complexity and to ensure that the focus remains on delivery rather than reporting.

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 their procurement of public contracts will help to deliver social value in a proportionate manner.

Summary of Responses

There were 780 replies to this section. The majority of the responses to question 10a were positive with 60% being either agree or strongly agree, a further 16% neither agree nor disagree with 24% replying disagree or strongly disagree.

536 respondents provided comments alongside their ratings. There was broad support for the introduction of a streamlined, standard list of social value criteria. Many respondents, particularly suppliers, felt this would provide much needed consistency, reduce complexity, and lower the administrative burden of bidding for contracts across different parts of the public sector.

However, a significant concern raised by many was the risk of the list being too rigid or leading to a 'tick box' approach to social value. Respondents stressed the importance of maintaining flexibility to allow for the inclusion of local priorities and to tailor criteria to the

specific needs of a contract or community. There was strong support for the proposal that the list should be co-designed with local authorities, suppliers, and other stakeholders to ensure it is practical, relevant, and adaptable.

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?

Summary of Responses

There were 776 replies to this section. The majority of the responses to question 11a were positive with 72% being either agree or strongly agree, a further 14% neither agree nor disagree. With 14% replying disagree or strongly disagree.

515 respondents provided comments alongside their ratings. This proposal was popular, with a large majority of respondents agreeing that allowing contracting authorities to specify the geographical area for social value delivery would help ensure that benefits are delivered in the communities and regions that need them most.

The primary concern raised was how to define a 'local' area in a way that is fair, proportionate, and legally robust. Many respondents warned of the risk of

unintentionally discriminating against non local suppliers, particularly SMEs who may operate across different regions. There were also concerns that this could inadvertently create inequalities between regions if not implemented carefully. Respondents emphasised the need for clear guidance to help contracting authorities apply this flexibility in a way that is non-discriminatory and avoids legal challenge

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