

Modernising public procurement: backing British businesses and building a fairer economy

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Chris Ward, Cabinet Office Minister.

Every year, £400 billion of public money is spent on government contracts. Spending that on Britain businesses and supporting British workers should be a no brainer.

The honest truth is that for too long, that's not how it's worked. Doors have been effectively closed to many small businesses, start-ups and charities. Too many workers and communities have lost out. And too often, British businesses felt that government didn't have their back.

Today, we are making changes to protect the industries that matter most to our national security - steel, shipbuilding, energy infrastructure, and AI. We will bring more delivery in-house and cut red tape for small businesses trying to win government contracts.

Backing Britain

This government believes it matters where things are made and who makes them. So we will instruct departments to use powers available in the Procurement Act to put Britain's national interest first and back British industry.

Departments will have to confirm - for the first time - whether prime contractors are using UK steel, or explain why not. We are also developing a new shipbuilding framework that will keep government contracts with British firms where necessary and where our security interests demand it.

So whether you make steel in Port Talbot, build ships on the Clyde, or run a tech start-up in Brighton - this government is on your side.

Ending outsourcing by default

For decades, successive governments have been, at best, ambivalent about whether public services are delivered in-house. At worst, we've had outsourcing by default, with public services hollowed out and sold off to the lowest bidder.

That era ends today. We're introducing a new Public Interest Test, requiring all departments to assess whether a service can be delivered more effectively in-house before any outsourcing decision is made. This will apply to service contracts of £1 million and above, covering over 95% of central government spend. All departments must also publish insourcing strategies to make the biggest wave of insourcing in a generation a reality.

Making procurement fairer and simpler

If you're creating British jobs and supporting your local community, that should matter too. So we're strengthening the importance that positive community impact plays in procurement decisions with a new definition of social value.

We know the importance of trade unions in creating good work, so we're going to work closely with them and the business community to get that definition right.

Small businesses and charities have told me time and time again that the bureaucratic burden of bidding for contracts has all but blocked them from even trying. So we've cut this process right down to the basics, bringing in a "tell us once principle" so they only have to submit their information once, rather than starting from scratch each time. We'll also introduce AI tools to save bidders hours of time and cut back unnecessary duplication.

With these changes, we've taken a big step forward towards a procurement system that genuinely works in Britain's national interest.

<https://www.gov.uk/government/news/modernising-public-procurement-backing-british-businesses-and-building-a-fairer-economy>