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Transforming UK Public Procurement in the Post-Brexit era:

Part 1 – Policy Priorities under the Procurement Act 2023

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Transforming UK Public Procurement in the Post-Brexit Era: Part 1 – Policy Priorities under the Procurement Act 2023

Executive Summary

UK public procurement has been assessed as underperforming in several reviews over the past three decades, and there have been waves of reform to address this underperformance. The latest reforms were introduced in 2023 by the Procurement Act 2023 and the associated National Procurement Policy Statement (NPPS).

Under these reforms, public authorities and procurement practitioners are expected to pursue three key policy priorities: the stimulation of growth and strengthening of supply chains through an increased use of innovation, working with SMEs and social enterprises; the creation of social as well as economic value through public procurement activity; and the improvement of procurement practices and capabilities.

In this two-part Research Brief we explore what is needed to deliver these policy priorities. This first part outlines and discusses the three key policy priorities under the Procurement Act. In Part 2 we examine what lessons for policy delivery can be learned from public authorities' implementation of another piece of procurement-related legislation, the Social Value Act 2012. We focus particularly on lessons for implementing social value procurement going forward and strengthening procurement practices and capabilities for the future.

Introduction

On 24th February 2025, the Procurement Act 2023 came into force in the UK, moving public procurement away from the EU regulatory framework. The UK government claims the new Act will have the effect of ‘transforming public procurement’ in the UK over the coming years, with the changes expected to deliver better, fairer, and more transparent procurement outcomes (Government Commercial Function, 2022).

This is however only the latest in a long line of reviews and reforms affecting UK public procurement in recent decades. In 2014, prior to the UK’s break with Brussels, the EU’s procurement regulations were revised and updated with the intention of creating a more flexible, streamlined and commercial approach to public sector contracting. A new procurement route for innovation and a simpler route for low value spend were amongst the changes (Crown Commercial Service, 2016).

Before that, there were several reviews commissioned by the UK government, most prominently the Deverill review of all non-pay government expenditure (HM Treasury, 1995) and the Mott MacDonald review of major public sector projects (Mott MacDonald, 2002). Both emphasised the importance of developing public procurement professionalism, skills and capabilities to achieve best value for money for taxpayers.

Despite these reviews and reforms a recent National Audit Office (2023) report still gave a lukewarm verdict on UK public procurement performance, one of many it has provided over the years. Significantly, this latest verdict was more about the procurement practices of UK public authorities than it was about the procurement regulations themselves. As such a key question amidst all the hope and expectations of the new Procurement Act is how the UK government expects the public authorities acting on its behalf to achieve the desired improvements in procurement outcomes. In this two-part Research Brief, we explore this question by examining the lessons from public authorities’ responses to a different piece of procurement-related legislation, the Social Value Act 2012.

In this first part, we review the new Procurement Act and the associated National Procurement Policy Statement (NPPS) released in February 2025, identifying three key policy priorities. In Part 2, we look back at the Public Services (Social Value) Act 2012 and review the progress made over the past decade or so in bringing this policy to life. Our aim is to assess what the lessons are for implementing social value procurement going forward and improving public procurement capabilities and practices following the Procurement Act

Policy priorities under the Post-Brexit Procurement Regime

Brexit provided the UK with an opportunity to design a new public procurement regime. The UK government was keen to take this opportunity as, while many of the problems causing sub-optimal public procurement outcomes concerned the practices and capabilities of public authorities, there were also long-standing concerns about aspects of the EU regulations. There were concerns over rigidities in processes (for example, procedures that made it hard both to communicate with suppliers during the sourcing process and to reject suppliers that were unlikely to be amenable partners), and constraints on innovation (for example, restrictions on contract lengths). Bureaucratic rigidities and complexities in bidding processes have been identified as key barriers preventing SMEs and social enterprises from winning public sector contracts (Loader, 2015).

Accordingly, the EU's framework of 350 procurement regulations spread across four different regimes (public contracts, utilities, concessions and defence and security) was replaced with a single set of rules under the Procurement Act 2023. This single set of rules is intended to be both simpler and more flexible, with opportunities for public authorities to design their own procurement processes under the 'competitive flexible procedure'. It is also intended to make public procurement opportunities more accessible to new entrants, particularly SMEs and social enterprises. This would be a significant change as UK public procurement in many areas, IT services and defence equipment for example, is dominated by a relatively small number of large mega-contractors.

In 2023, only 20% of direct public sector procurement spend in the UK was with SMEs and this had barely increased over the previous five years (British Chambers of Commerce & Tussell, 2024). A further notable feature of the Act is enhanced requirements for transparency in public procurement.

Alongside this new set of rules, the NPPS outlines several priorities for public procurement going forward (Cabinet Office, 2025).

Three priorities are prominent:

1. Public authorities should drive economic growth and strengthen supply chains by giving SMEs and voluntary, community and social enterprises a fair chance at public contracts, creating high quality jobs and championing innovation.

The logic of the UK government here is that SMEs and social enterprises are more likely to generate diverse and thriving local economies, create high quality jobs and enhance economic growth than the big behemoths of public sector markets, although some might contest such a claim.

This priority also reinforces arguments about the vital role of public procurement in stimulating innovation in supply markets. It is proposed that where this happens procuring innovative solutions can both improve public sector performance and provide revenue and competitive advantage for innovative UK companies by supporting the pull-through and adoption of new technologies. Public authorities are expected to use early engagement with suppliers to support the development of innovative solutions.

They are also expected to collaborate internally across their policy, delivery and commercial functions to develop a 'pro-innovation mindset', defining challenges to solve rather than solutions to buy. This speaks to the cross-functional nature of many procurement decisions and the value of clear, output-based specifications in many procurements to stimulate an effective response from the supply market.

2. Public authorities should deliver both social and economic value that supports the UK government's missions, including by working in partnership across organisational boundaries.

Under this priority, public authorities are expected to go beyond the delivery of value for money in purely economic terms and maximise public benefit in terms of additional dimensions of social value. Public procurement, it is said, can support economic growth and innovation, but also tackle inequality and skills gaps, help protect the environment, improve access to employment for disadvantaged and economically inactive groups, and support the health and wellbeing of workers.

To this end, suppliers when bidding for public contracts are now expected to include a 'social value offer' within their bid, meeting the specific demands of the public authority as outlined in the ITT document. This expectation under the 2025 policy statement reinforces the duties placed upon public authorities by the Public Services (Social Value) Act 2012, an act subsequently strengthened by 'procurement policy note', PPN 06/20 (Cabinet Office, 2020), which codified social value themes and established a minimum 10% weighting of social value at the award stage.

To ensure that this broader social value offer of suppliers meets the needs of those impacted by a procurement exercise – for example, residents of a local area in the case of a local authority contract or members of an affected group (e.g. veterans in case of defence contracts) in the case of a central government contract – public authorities are expected to co-design social value requirements with service users, front line workers and communities/advocacy groups. Public authorities are also expected to work collaboratively with one another and with suppliers to use procurement to support delivery of local and regional economic growth plans.

3. Public authorities should ensure the right commercial capability and standards are in place to procure and manage contracts effectively and to collaborate with other contracting authorities to deliver best value.

The final of the three priorities concerns the procurement performance problems that have long affected the achievement of beneficial procurement outcomes in the UK public sector. Specifically, there is a focus upon ensuring that public procurement practitioners have the right level of capability, skills and expertise to implement, where appropriate, practices such as cross-functional working, promoting competition, outcome-based specification, early supplier engagement, and supplier and supply market development.

Moreover, public authorities are expected to go beyond simple legal compliance and develop capabilities to take advantage of the flexibilities within the new Act such as ‘light touch contracts’ (in health, social care and education) and the ‘competitive flexible procedure’. This latter procedure, a major departure from the EU regime, allows a public authority to design a bespoke competitive tendering process to best suit the needs of their requirement and the supply market.

In addition, public authorities are also expected to benchmark their procurement capabilities against several professional standards designed by the Government Commercial Function, NHS England and the Local Government Association. Where gaps are identified, procurement practitioners are expected to undertake commercial and contract management training provided by the Government Commercial Function.

In summary, the UK government is looking for public authorities and procurement practitioners to make significant changes to their ways of working, facilitating innovation and leaving behind an historically risk averse and compliance-focused institutional culture (Harrison, 2025; Walker and Brammer, 2009). First, the UK government expects growth to be stimulated and supply chains to be strengthened via an increased use of SMEs and social enterprises, although the NPPS lacks clear guidance on how public authorities should balance this against a continuing exhortation to aggregate demand where appropriate through national framework agreements that are thought to favour larger suppliers (National Audit Office, 2023). Second, the UK government wants public authorities to create social as well as economic value through their procurement activity. Third, and most relevant to the second part of this Research Brief, is that the UK government is looking for improved procurement practices and capabilities within public authorities that will address criticisms from the likes of the National Audit Office (2016; 2023), which has drawn attention in the past to modest performance in areas such as managing supply market competition and contract management.

Conclusion

In the first part of this Research Brief, we have outlined the recent reforms to the UK public procurement regime introduced by the Procurement Act 2023, which came into effect in February 2025. We have also identified three key priorities of the UK government as it embarks on this new era. One of these key priorities is to improve the procurement practices and capabilities of public authorities. While certain aspects of the EU procurement regulations were not helpful, much of the cause of the modest public procurement outcomes achieved in the UK in recent decades has been the lacklustre practices and capabilities of public authorities, so this priority is not a surprise.

The second part of this Research Brief explores how procurement practices and capabilities might be improved in the context of one of the continuing priorities for UK public procurement, social value. Drawing on a study by Lonsdale and le Mesurier (2024), **examining social value practice and capability development within English public authorities**, we argue that public authorities need to appoint 'champions' to push forward on the policy priorities arising from the Procurement Act and the NPPS. There needs to be focus and momentum if these priorities are not to get lost in both day-to-day firefighting and long-established organisational and individual habits. 'Champions' need to develop 'political' skills to move forward on the policy priorities, persuading and educating internal stakeholders and maintaining the support of senior officials and relevant politicians.

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