



Cabinet Office

# National Procurement Policy Statement

13 February 2025





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Presented to Parliament pursuant to section 13(3)(c) of the Procurement Act 2023.

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# NATIONAL PROCUREMENT POLICY STATEMENT

## Introduction

Mission-driven government means raising our sights as a nation and focusing on ambitious, measurable, long-term objectives that provide a driving sense of purpose for the country. It means a new way of doing government that is more joined up, pushes power out to communities and harnesses new technology, all with one aim in mind – to put the country back in the service of working people.

Public procurement is a key lever in achieving the Government's missions by sourcing goods and services that deliver value for money, including social and economic value across the commercial lifecycle that drives sustainable economic growth and benefits local communities, raising living standards in every part of the United Kingdom. Simplifying public procurement and aligning it with the Government's missions, including the Industrial Strategy, will put UK firms in the best possible position to compete for and win public contracts. Public procurement can support delivery of the Government's missions as follows:

- Kickstart economic growth through:
  - opportunities for small businesses and social enterprises across the country;
  - high quality jobs that offer fair wages and good working conditions;
  - encouraging innovation and the development of new technologies in line with the Industrial Strategy.
- Make Britain a clean energy superpower through:
  - accelerating to net zero, reducing greenhouse gas emissions in line with the UK national carbon budget, minimising waste, supporting delivery of clean power by 2030, and promoting the use of green technologies;
  - taking account of environmental risks and ensuring suppliers are committed to high environmental standards and protecting natural habitats and biodiversity.
- Take back our streets through:
  - reducing crime by providing support to organisations that strengthen community cohesion, awareness raising and action;
  - encouraging suppliers to recruit from groups that struggle to access employment opportunities.
- Break down barriers to opportunity through:
  - addressing specific skills gaps and facilitating access to training and other development opportunities;
  - removing barriers to entry for young people and under-represented groups, including people with protected characteristics and care leavers.
- Build a National Health Service fit for the future through:
  - supporting good physical and mental health by providing high quality jobs and encouraging suppliers to recruit from economically inactive cohorts.

The Government will also update the Sourcing Playbook to introduce a new public interest test for contracting authorities to assess, at the outset of a procurement process, whether work should be outsourced or if it could be done more effectively, and drive better value for money, in-house.

This national procurement policy statement (the “Statement”) sets out the Government’s strategic priorities for public procurement. It should be read not just by procurement teams, but by the strategic leadership and key decision-makers in contracting authorities.

Contracting authorities must have regard to this Statement in the exercise of their procurement functions as required by section 13 of the Procurement Act 2023 (the “Act”).

### **Scope of the Statement**

The Statement applies to all contracting authorities as defined in section 2 of the Act with the exception of the authorities and contracts set out in section 13(10), as follows: private utilities; contracts awarded under a framework or dynamic market; procurements under devolved Welsh or transferred Northern Irish procurement arrangements; devolved Welsh authorities or transferred Northern Irish authorities. This Statement does not apply to the exercise of procurement functions in relation to contracts which are exempt from the Act under Schedule 2. The priority on delivering social value does not apply to the Ministry of Defence in relation to defence and security contracts. A defence and security contract has the same meaning as in section 7 of the Act.

Nothing in this Statement should conflict with the Government’s international trade obligations, contracting authorities’ obligations under other legislation, or with their obligations to procure goods, works and services in an open, fair and transparent manner whilst guarding against fraud and corruption.

### **Duration and review of the Statement**

This Statement will come into effect on 24 February 2025. It will remain in place until it is withdrawn, amended or replaced, and can be reviewed when a Minister of the Crown considers it appropriate to do so.

### **Delivering value for money**

In carrying out a procurement covered by the Act, a contracting authority must have regard to the importance of delivering value for money. Achieving value for money is always the overarching priority in public procurement. This must include consideration of outcomes and quality to avoid waste from low value, poor quality bids. This means optimising the use of public funds by balancing effectiveness, efficiency and economy over the life-cycle of a product, service or works to achieve the intended outcomes of the procurement. This includes wider socio-economic and environmental benefits and impacts. Government guidance (e.g. Managing Public Money and Best Value statutory guidance) sets out how to use public money responsibly.

The Act will deliver a step change in the transparency of public procurement that will drive value for money, bringing greater visibility of pipelines of future opportunities through to individual contract performance. It will shine a spotlight on framework providers who charge

excessive fees and help contracting authorities collaborate to deliver efficiencies through joint procurement. It will allow contracting authorities to benchmark themselves against others and learn from best practice. Contracting authorities will need to ensure they have the right capability to benefit from the new commercial tools and deliver greater value for money.

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, creating high quality jobs and championing innovation;
- delivering social and economic value that supports the Government's missions including by working in partnership across organisational boundaries where appropriate; and
- ensuring 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.

## **Driving economic growth**

**Priority: Contracting authorities should drive economic growth and strengthen supply chains by giving SMEs and VCSEs a fair chance at public contracts, creating high quality jobs and championing innovation.**

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 Government wants to maximise every opportunity for these suppliers by opening up competition in public contracts and removing the barriers to participation they face, as set out in section 12(4) of the Act.

Contracting authorities should:

1. Maximise procurement spend with small and medium-sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs).

Suppliers that benefit from taxpayers' money should be expected to deliver public contracts in a way that benefits the country, delivering growth and fairer outcomes for all. Good jobs and a high-skilled workforce will help to drive growth and productivity, so public contracts should consider fair working conditions, appropriate pay, progression and provision of skills opportunities throughout the commercial lifecycle.

Contracting authorities should:

2. Ensure their suppliers are committed to providing high quality jobs, safe and healthy working conditions, fair pay, opportunity and progression for workers.

Innovation is key to driving economic growth and raising productivity, and is an important strand of the Government's Industrial Strategy. Procuring innovative solutions can both improve public sector performance and provide revenue for innovative UK companies by supporting the pull-through and adoption of new technologies. Early market engagement is critical in supporting the development of innovative solutions, and allows contracting authorities to understand the maturity of potential solutions, as well as identifying risks and challenges.

Contracting authorities should:

3. Work collaboratively across policy, delivery and commercial functions to develop a 'pro-innovation mindset', defining challenges to solve rather than solutions to buy, and engaging early with the market to consider innovative products and services.

## **Delivering social and economic value**

**Priority: Contracting authorities should deliver social and economic value that supports the Government's missions including by working in partnership across organisational boundaries.**

In carrying out a procurement covered by the Act, a contracting authority must have regard to the importance of maximising public benefit. Applying social and economic value requirements in procurement can have a significantly positive impact by broadening the public benefits that are delivered through the life of the contract. By focusing on these outcomes throughout the commercial lifecycle and by co-designing requirements with customers, front line workers and communities, contracting authorities can achieve greater social and economic value benefits for the people and places that most need them, including creating opportunities in areas of deprivation.

Contracting authorities should:

4. Secure social and economic value which supports delivery of the national missions taking into account priorities in local and regional economic growth plans (where available) and working in partnership with other contracting authorities, the private sector and civil society in the exercise of their procurement functions. This includes the mission aims and outcomes outlined at the beginning of the Statement.

The Government expects the highest standards of integrity, ethical conduct and environmental sustainability in business practices from suppliers delivering public contracts. This includes the procurement of food; the Government wants to increase the proportion of food purchased across the public sector that is certified to higher environmental standards and which high-quality producers, including local suppliers, are well placed to meet.

Contracting authorities should:

5. Ensure their suppliers are actively working to: tackle bribery, corruption, fraud, modern slavery and human rights violations, environmental impact (including reducing greenhouse gas emissions and minimising waste in their operations); comply with their tax, employment law and other legal obligations, and stamp out late payment of invoices in their supply chains.

## **Building commercial capability to deliver value for money and stronger outcomes**

**Priority: Contracting 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.**

Value for money will be achieved if:

- public sector organisations normally acquire goods and services through fair and open competition;



- efficient and effective policies and processes are in place to manage commercial delivery with a focus on delivering sustainable, long-term outcomes; and
- the individuals undertaking the procurement and managing the contract have the right level of capability, skills and expertise to make informed decisions.

Government guidance (e.g. the Commercial Playbook series) emphasises the importance of partnership across organisations and sectors to effectively manage markets and strengthen supply chains. This collaborative approach, underpinned by principles like outcome-based delivery and early supplier engagement, helps assess market health, address weaknesses, and promote suitable, competitive environments that deliver value for money. The Commercial Playbook series also sets out key principles, best practice, and guidance on sourcing services and assets. The Playbooks on Sourcing, Construction, Digital Data and Technology, and Consultancy provide sector-specific guidance.

Contracting authorities should:

6. Apply commercial best practice including the principles and policies in the Government's Playbook series (where appropriate) and make decisions based on value for money and service quality when assessing delivery models and outsourcing decisions.

To support commercial capability, the Government has provided a programme of free training to procurement teams on the new flexibilities in the Act as well as training on contract management skills. Capability in contracting authorities should go beyond legal compliance with the Act, to also include how the new flexibilities can be used to deliver greater efficiency, better commercial outcomes, and mission delivery. New ways of working may be needed across contracting authorities to understand how procurement can contribute to local outcomes and priorities, adopting a whole organisation approach so that policy and strategy engage earlier with commercial teams.

There are also a number of professional standards against which contracting authorities can choose to benchmark their commercial capability including the Commercial Continuous Improvement Assessment Framework produced by the Government Commercial Function with NHS England, and the National Procurement Strategy Toolkit produced by the Local Government Association. This includes mitigating supply chain and national security risks by ensuring appropriate controls are in place such as the Cyber Essentials standard for cyber security, and by following the Government Security Function's guidance on Tackling Security Risk in Government Supply Chains.

Contracting authorities should:

7. Benchmark their organisational capability and workforce capacity to ensure they have the appropriate procurement and contract management skills and capacity necessary to deliver value for money.

Contracting authorities can often ensure value for money by using collaborative procurement arrangements established by public sector centralised procurement authorities such as the Crown Commercial Service. These agreements aggregate spend for common goods and services and enable selected suppliers to be contracted quickly on agreed terms and with competitive maximum pricing. However, there are currently too many similar agreements across the public sector, leading to unnecessary transactional costs for suppliers and confusion for contracting authorities. In addition, some agreements are operated by private

companies not in accordance with procurement legislation. Contracting authorities should ensure any collaborative arrangements they use are transparent about the provider's ownership and the fees they charge and that this represents good value for money when compared to other agreements.

Contracting authorities should:

8. Use collaborative procurement agreements, where appropriate for the requirement and the market, to ensure value for money (as long as those agreements are operating in accordance with relevant procurement legislation and good practice).



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