



The State of Procurement 2026

Rebooting public spending to unlock
better outcomes and growth



Foreword

The landscape of public expenditure in the United Kingdom has reached a defining moment. For too long, the machinery of procurement has been viewed through the narrow lens of process and administrative efficiency, rather than as a primary vehicle for social and economic transformation. The core purpose of procurement must be the delivery of tangible outcomes. In the current economic climate, public bodies no longer have the luxury of treating procurement as a necessary evil or a back-office compliance exercise.

This report outlines a necessary paradigm shift. It moves away from the 'big is better' mentality of the past and toward a model that values niche expertise and the unique agility of small and medium-sized enterprises (SMEs). The trajectory of the most successful commercial models indicates that outcomes-driven approaches, free from the inertia of traditional bureaucracies, are the most effective way to simplify the business landscape and reduce the burden on public sector clients.

There is a vast, untapped opportunity to provide the public sector with a dynamic supply chain of professional services and specialist providers who can deliver the control and value that the public rightly expects. Innovation is not a capital-intensive luxury; it is a mindset. It is about 'smarter spending', using the £400 billion plus of annual public expenditure as a lever to spark innovation and meet the urgent challenges of our age, from the net-zero transition to the renewal of local communities.

The recommendations within this report are designed to foster a culture of ambition, transparency, and results. By empowering politicians, policy makers and delivery managers to create the conditions for strategic procurement, and by leveraging new technologies to gain visibility over the entire contract lifecycle, the public sector can move from being a reactive consumer to an active catalyst for a fairer, more resilient economy.



Adam Jacobs

Founder & Executive Director
Bloom Procurement Services

Executive Summary



The UK’s economic engine needs attention. Every year, the public sector spends billions of pounds - a sum that holds immense, untapped potential to drive local economic growth, create opportunities for SMEs, and build more resilient communities.

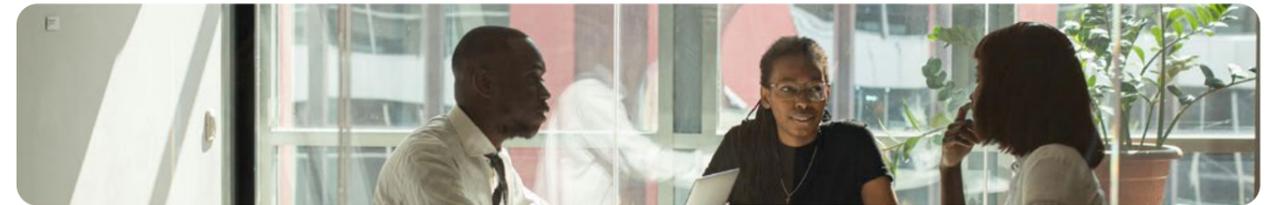
The policy ambition is clear. Leaders across the public sector want to use this spending power for social good. Yet, despite the urgency and the mandate, the engine remains stuck in neutral.

The UK’s public sector spends approximately **£434 billion** annually on goods and services - a sum that represents the state’s most powerful, yet most neglected, lever for national renewal. While the policy mandate for social value and local growth is clear, the machinery of procurement remains stuck in a state of institutional inertia.



The Diagnosis: A system running in “Safe Mode”

Despite the ambitions of the Procurement Act 2023, the UK procurement system is currently running in “**Safe Mode.**” According to our national ‘Reality Check’ diagnostic, the system is being throttled by three core forces:



SQUEEZED BANDWIDTH:

64% of procurement teams are consumed by day-to-day administration and urgent contract renewals that they have no time for the early-stage market engagement required to design better services.



CONFLICTING PRIORITIES:

While 84% of buyers value social outcomes on paper, budget pressures mean that cashable savings and price weightings (often as high as 80%) almost always override social objectives in the final award.



RISK AVERSION:

Fear of legal challenge has created a culture that favours bureaucratic processes that creates dangerous concentration risks and lock out the SME innovation the country desperately needs.

Rebooting the System: Three essential shifts



FREE UP CAPACITY THROUGH TECHNOLOGY AND PEER PARTNERSHIPS:

Public bodies must move their focus 'upstream' of the commissioning cycle by investing in better contract management data. In the meantime, by partnering with purpose-driven 'backbone' organisations to manage networks of local suppliers, authorities can enjoy the simplicity of a single contract without the innovation tax often incurred by large, single-supplier contracts.



AIR COVER FOR BOLD ACTION:

Without clear support from senior leaders endorsing new practices, procurement will remain a back-office risk management function. This means embedding commitments to strategic spending into the heart of flagship policy programmes like regional Growth Plans, not treating it as a technical footnote. Harmful folklore and myths about procurement must be removed once and for all and new champions won over with training and engagement.



DESIGN FOR OUTCOMES AND RESILIENCE:

We must move away from rigid, prescriptive tenders and embrace the **Competitive Flexible Procedure (CFP)**. As seen in examples from Gateshead, Cardiff and West London, focusing on outcomes allows the public sector to co-design solutions with innovative suppliers that can adapt to changing needs, ultimately providing better value for money and more effective results.

Investing in the future

The real cost of public sector inertia isn't the wasted money; it's the lost opportunity, the decade of improved outcomes and economic resilience that never materialises because the system is designed to favour 'safe' processes over bold value creation.

Every purchasing decision is an opportunity to shape the future.

The question for leaders is no longer whether the regulatory system allows for change, but whether they have the courage to lead it.

Part 1: An urgent opportunity

The UK is currently navigating a pincer movement of global instability and domestic exhaustion. The 'peace dividend', the decades-long luxury of shifting money from defence to public services, looks set to disappear. As geopolitical tensions refortify borders and fracture supply chains, the economic foundations we took for granted are being rapidly reappraised.

At home, the social contract is fraying. Public trust has collapsed into a state of 'hyper-insularity,' where communities retreat inward and view external institutions with suspicion.¹ With only 14% of Britons expecting the next generation to be better off, optimism is in short supply. Meanwhile, our public services are under acute and sustained pressure thanks to the rising demands of an aging, expanding user base and delivery models largely engineered in the last-century.

While breakthroughs in artificial intelligence promise a productivity revolution (as well as some challenges of its own), technology alone cannot fix a system that is culturally 'stuck.' We are at a crossroads where we must either modernise our delivery or watch our social resilience erode further.

¹ Edelman Trust Barometer 2026

The £434 billion opportunity



In this climate of scarcity, we must look at the tools we already possess. The UK public sector spends approximately £434 billion every year on goods and services.² This is the state's most powerful and most neglected, catalyst for driving national renewal.

The Procurement Act (2023) and the 2025 National Procurement Policy Statement (NPPS) sought to mark a definitive end to the era of 'procurement as back-office compliance.' The regulatory environment now formally demands that every pound works twice: once to buy the service, and once to drive a wider mission. Whether boosting the strategic autonomy of key sectors, reviving local economies, or delivering climate action, public bodies are now legally permitted to move beyond the bottom line when making spending decisions and act as architects of broad strategic impact.

² House of Commons Library (2025)

Regions in the vanguard

The most compelling evidence for this shift is coming from the pioneers in local and regional government. Amidst the dual currents of devolution and looming local government reorganisation, these place leaders have found a unique vantage point. They steward £85 billion of annual spend, a sum large enough to move markets, yet local enough to care deeply about the powerful positive impacts that a well-placed contract can have on a local economy.

As 'trust brokers' in a suspicious age, regional leaders are proving that strategic buying is the shortest path to resilience. We see this in the Mayoral Combined Authorities (MCAs) that are already rewriting the rules; South Yorkshire Mayoral Combined Authority (SYMCA), for instance, now directs 71% of its spend to SMEs.³ (Central government by contrast spends just 11% with SMEs and the NHS, 19%.) This indicates an encouraging shift in parts of the public sector, treating procurement as a purposeful investment rather than a simple transaction.

The policy framework is in place. The political desire is growing. The need to do things differently is undeniable. And yet, for many parts of the public sector, the engine remains stuck in neutral.

In the following parts of this report we explore what is holding us back from using the tools available to us, and the practical action needed to turn scarce public funds into fuel for economic resilience and renewal.



³ Tussell, Procurement Act Report - The first six months (2025)

Part 2: A system stuck in Safe Mode

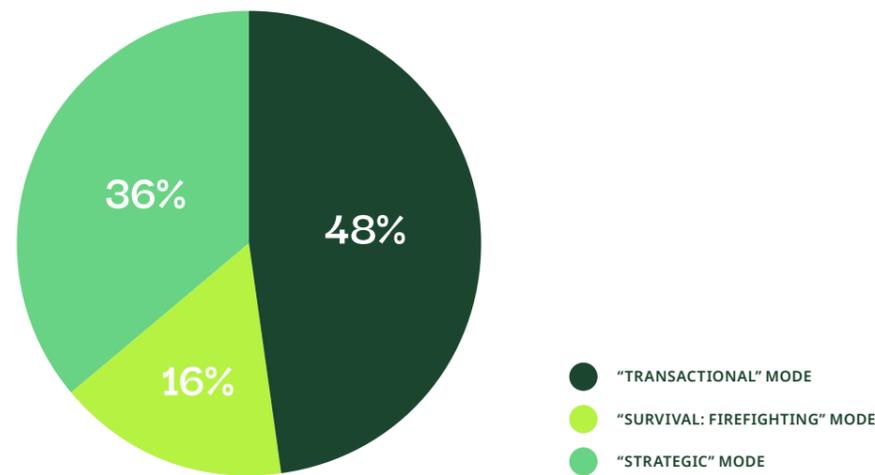
To understand why the power of the public purse is not being fully realised, we launched the national 'Reality Check' sector diagnostic. Combined with interviews with expert practitioners and intermediaries from across the sector, the results of this diagnostic indicate a system where squeezed operational capacity, financial pressure and entrenched risk aversion consistently trump strategic ambitions for delivering opportunities for local providers and other forms of social value.

Squeezed bandwidth

The most significant barrier to strategic procurement is not a lack of vision, but a lack of time. Strategic buying, the kind that fosters innovation in the design and delivery of outcomes, requires ‘upstream’ thinking and early market engagement. However, our survey data shows that the vast majority of the public sector workforce is submerged in transactional firefighting.

Transactional is the default setting

When we asked public sector buyers and commissioners to describe their team’s current operating mode, the results revealed a system running on its most basic settings:



48% of respondents report their teams are operating in a “Transactional” mode, focused purely on reacting to contract expiries and compliance.

A further **16%** are even more pressured, reporting their status as “Survival: Firefighting – barely keeping the lights on.”

Only **36%** of buyers say their teams are in a “Strategic” mode, able to create time for demand modelling and partnerships.

‘No time to do things differently’

This lack of capacity has a direct impact on the market. We know that early market engagement can broaden the quality and diversity of responses, de-risking procurement decisions. This engagement is especially valuable when commissioning complex people centred services, contracts worth approximately £64 billion annually in local government spending alone.⁴ And yet **47.4%** of buyers cited “zero time before the tender notice goes out” as the primary systemic hurdle stopping this type of engagement. For another **26.3%**, pre-market engagement is simply seen as a “non-essential nice-to-have.”

While there was a rise in transparency and collaboration, with 1,691 Preliminary Market Engagements (PMEs) notices published in the first six months of the Procurement Act’s implementation, this positive trend still only accounts for an estimated 6-8% of total advertised opportunities.⁵ For the vast majority of procurements, the formal Invitation to Tender (ITT) remains the first time the market hears of a requirement, suggesting that deep, iterative co-design is not yet the default setting.

A third of intermediaries also identified the **lack of time** as the critical barrier to the adoption of new procurement practices, reflecting the responses from buyers which indicate that public sector teams are drowning in operational volume.

“Immediate needs are driving prioritisation; even when we know contract renewals are coming down the pipe, organisations are starting the conversation too late, at which point it is impossible to deliver meaningful pre-market engagement.”

Roundtable participant

This all confirms that capacity is being squeezed to the point that opportunities for supply chain diversification and wider strategic impacts are missed by default.

⁴ E3M, Scaling Social Enterprise Innovation in Public Services (2026)

⁵ Tussell, Procurement Act Report - The first six months (2025)

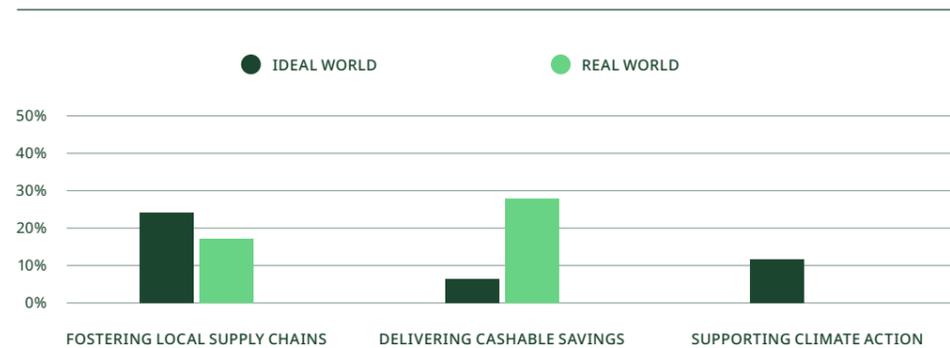
Conflicting priorities

Strategic policy is being hollowed out by operational necessity. The procurement decisions being taken in the real world rarely reflect the principles and priorities laid out in policy documents.

Real-world needs to overcome big policy ambitions

We asked respondents to contrast their priorities in an ideal world against what actually tips the balance on contract decisions in the real world. In both scenarios, **ensuring continuity of provision** remained the top priority (44% ideal vs 33% real), reflecting a system that, above all else, ensures vital services do not fail.

However, the shift in other priorities is stark:



Delivering cashable savings surged from just 6% in the ideal world to **28%** in the real world, becoming the second most important factor.

Conversely, **Supporting climate action** and **Fostering local supply chains** suffered significant declines, dropping by 7% and 12% respectively.

Despite good intentions, these social value priorities are the first to be sacrificed when budgets and bandwidth are squeezed.⁶

⁶ Interestingly, the importance of service innovation improves modestly in the real world scenario, perhaps given its promise of greater productivity or longer-term savings.

Social Value has become a paper tiger

This retreat towards the bottom line is most visible in how Social Value (SV) is handled. The data reveals that SV has become a 'paper tiger': it is prominently featured in tender documents to ensure policy compliance, but it is rarely the deciding factor in the award.

- 52.6%

52.6% of buyers report that Social Value is superseded by budget considerations.

- 31.6%

An additional **31.6%** report that SV weighting has been formally 'Downgraded'.

- 15.8%

Only **15.8%** say they have 'ringfenced' social value and are willing to pay a premium for it.

This internal view is confirmed by the intermediary market, where 66.7% of advisors report that initial high ambitions to select for Social Value or Local Growth '**Rarely**' survives procurement processes intact - it is the first thing cut when budget realities hit.

Recent changes in how the government buys services (through systems like MCF4 for consultants and G-Cloud 14 for IT services) further evidence this shift. While contracts through these frameworks still include a 10% weighting for Social Value, this is often overshadowed by **price weightings as high as 80%**.

In frameworks like Tech Services 3, high-quality service is now often treated as a 'minimum standard' rather than a way to win. This price-first approach makes it harder for Social Value to make a real difference in who wins the contract, as the cheapest bid almost always comes out on top.

Taken together, this all reveals a profound disconnect between the aspirational priorities of public sector buyers and the actual factors that determine contract awards.

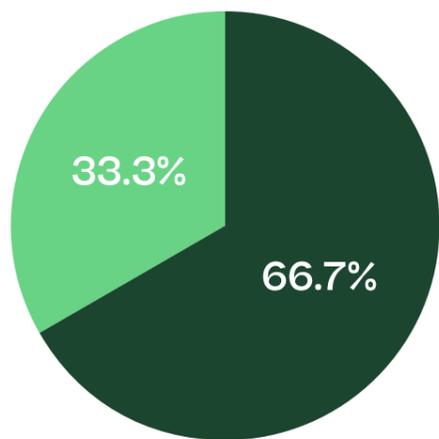
Risk Aversion

The final force driving the reality gap is a pervasive culture of risk aversion, which manifests in a preference for ‘safe’ processes and is exacerbated by weak awareness of the new regulation among some senior leaders.

Fear and fatigue stymie opportunities for smaller providers

Analysis of the first six months of the new regime showed a promising start for the use of more agile procurement routes, with the new ‘Competitive Flexible Procedure’ (CFP) cited in approximately 6% of tender notices.⁷ However, experts note that these have tended towards larger and more complex contracts, with the CFP “basically replacing the legacy ‘competitive dialogue’”, rather than being used to design simpler, more open processes for SME providers.

Intermediaries report that risk aversion and capacity constraints are the critical factors when public sector buyers reject mechanisms which are more likely to attract smaller and more innovative suppliers.



The need for **low-risk, ‘safe’ and defensible processes** was reported by two-thirds of intermediary respondents (66.7%) as the reason public sector partners rejected more strategic procurement options.

The remaining third of responses (33.3%) said that **bandwidth paralysis** was the reason clients did not opt for alternative procedures, confirming a disconnect between appetite for change and operational realities: “They agree it’s better, but physically don’t have the staff to manage it”.

● “LOW-RISK, ‘SAFE’ AND DEFENSIBLE PROCESSES”
● “BANDWIDTH PARALYSIS”

The ongoing practice of contract bundling further illustrates this retreat from practices which open the market to smaller providers.

While bundling is often framed as an efficiency play, the quiet reality driving it can be more defensive.

Over half of all respondents (52.6%) cite **‘Price: Pure economy of scale’** as the driver, but nearly a third (28.3%) say it is about **‘Risk Shielding’**. In an overstretched system, the ‘one throat to choke’ model of a single Prime contractor is a survival mechanism. It allows depleted teams to transfer the burden of market management and delivery risk elsewhere, even when they acknowledge that this bundling actively works against their stated goals of supply chain diversity and local economic impact.

While intended to outsource delivery risk, bundling also creates concentration risk. It increases the value (and therefore strategic importance to major suppliers) of individual contracts, increasing the likelihood of costly legal challenges from unsuccessful bidders. It encourages severe asymmetries of power between commissioners and suppliers, creating a capability gap in which the public sector often cannot afford the professional skills needed to hold their own against the highly resourced teams deployed by primes to win and manage the contract. Furthermore, relying on a single large provider makes the authority vulnerable to a single point of failure. As demonstrated by the collapse of major strategic supplies like Carillion, the ‘safety’ of a single bundled contract is often an illusion.

“My view is that we have seen an increasing culture of challenge over the past 10 years, including more ‘vexatious’ challenges. There is more of a culture of ‘challenge-aversion’ across authorities as a result. The PA2023 tried to address this (it was a key consideration at the time) but it remains to be seen whether it will have this impact. It will be an important metric to track.”

Roundtable participant

⁷ Tussell, Procurement Act Report - The first six months (2025)

Signals of change

In our sector roundtables participants reported increasing wariness of long-term contracts with single-supplier primes. This emerging behaviour is driven by skepticism of generic 'copy and paste' bids and unrealistic price claims, borne from past negative experiences where "people have been burnt." One participant described moving away from a 10-year single-supplier maintenance contract by splitting the work between two large providers. However, when these major contractors failed to keep up with day-to-day repairs, the procurement team had to quickly design a minor works framework to bring in local SMEs as a contingency to rescue the service.

To prevent these delivery failures, contracting authorities are evolving their quality questions to make it harder for big players to slip through with generic bids, forcing a focus on tangible delivery rather than sheer scale. These signals collectively point toward the emergence of a more discerning, outcomes-focused procurement culture that prioritises genuine value, service reliability, and supply chain resilience over administrative convenience.

Skills gaps compound the problem

There is a striking disconnect in how the sector perceives its own capabilities. While buyers didn't identify commercial skills as a barrier to early market engagement (0% of reality check respondents said this was the primary hurdle), intermediaries working with public sector organisations think that **skills is the key barrier** stopping the adoption of more innovative and inclusive procurement models (50% of respondents).

Roundtable discussions revealed that this gap often lies not within procurement teams themselves, but with the wider internal stakeholders and senior leaders they support. Stretched procurement professionals report having little time or resource to train service managers on the rules of the new Procurement Act. This lack of broader commercial knowledge, compounded by the urgent pace of delivery, frequently leads to internal friction and poor adoption of the new procedures.

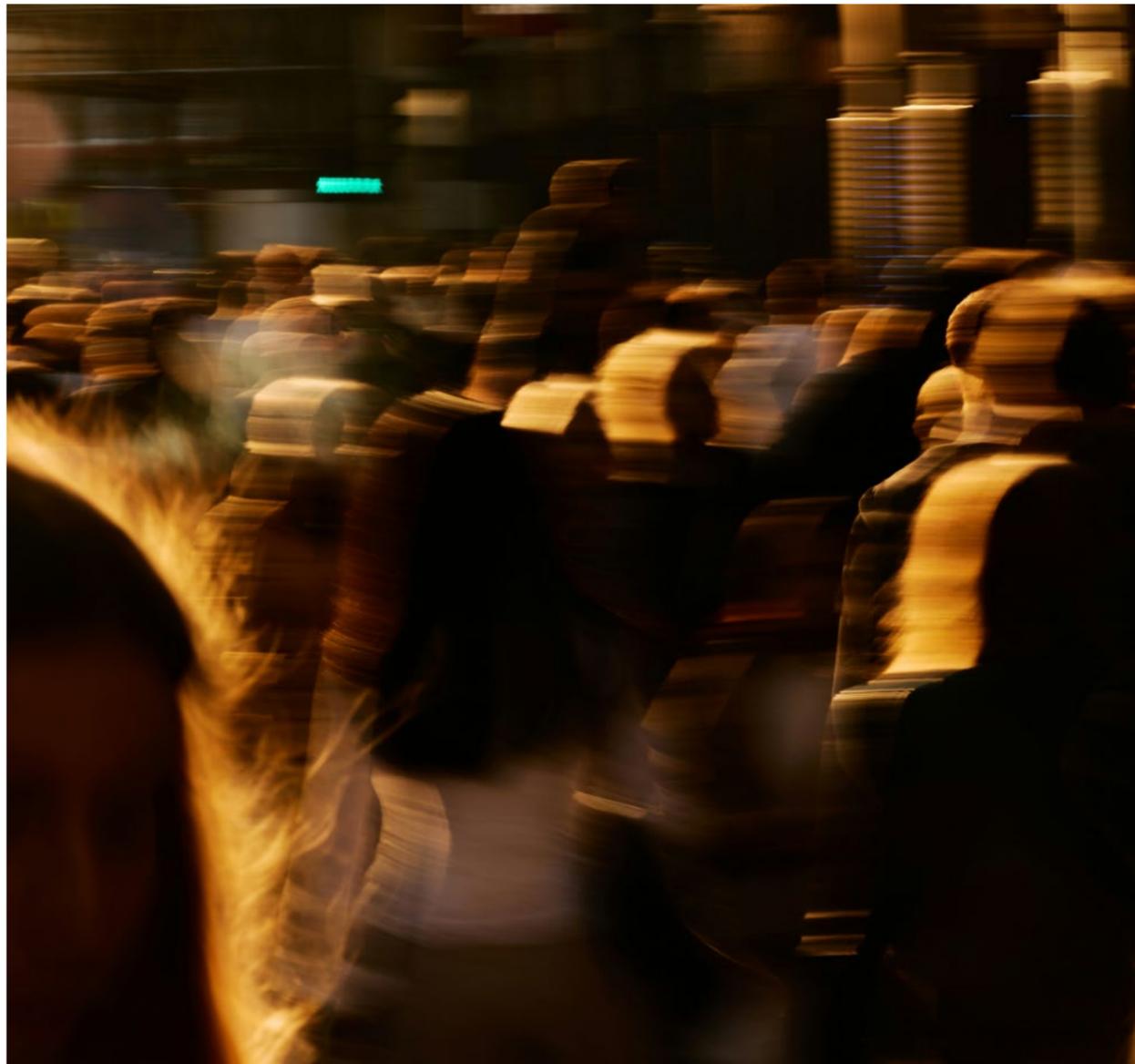
"A lot of stakeholders are very 'old school.' They think nothing has changed, they aren't willing to go with new templates. They just see procurement as a hurdle that makes projects take longer."

Roundtable participant

In one example discussed in an interview, stakeholders wanted to meet a preferred bidder "to eyeball them" before a contract was awarded. While this kind of engagement is perfectly possible under the new Act's Competitive Flexible Procedure, it must be planned and included in the initial specification. Attempting to add it retrospectively breached the rules, forcing the procurement teams to block the request.

A system in need of a reboot

The cumulative effect of these three forces - bandwidth paralysis, budget-driven priorities, and risk aversion - is a system that defaults to 'Safe Mode'. It protects the organisation from immediate procedural failure but prevents the delivery of long-term strategic value. In order to realise the full potential of public spending in the market, we need to reboot the system.



Part 3: Rebooting the system

To move the UK public sector out of “Safe Mode” and into a strategic operating model, we need to address the root causes of inertia. This requires a shift from administrative compliance to portfolio resilience, powered by a boost in bandwidth, clear leadership, and an ambitious redesign of how we bring opportunities to market.

Boosting Bandwidth



Moving upstream of the cycle

One of the most significant barriers to strategic procurement is the lack of visibility over the contract lifecycle. Many public bodies operate in a state of 'reactive crisis', where the realisation that a major contract is expiring, occurs too late to allow for meaningful service redesign. This leads to the rushed re-procurement of services and the entrenchment of incumbent providers who may no longer be fit for purpose.

Manchester City Council's implementation of a comprehensive contract-management system (Atamis) provides a transformative blueprint for 'getting upstream' of these issues. By centralising data on over 1,400 live contracts with a combined value of approximately £2.7 billion, the council has moved from managing spreadsheets to managing a strategic pipeline.



CASE STUDY

Manchester City Council's Contract Management System

Service Challenge

Manchester City Council struggled with highly fragmented, siloed, and unstandardised contract data. Contract managers were tracking commitments on a series of disjointed spreadsheets and email attachments. Because data was so obscured, the procurement team was largely reactive - working to put new contracts in place, simply because current ones were expiring or had already expired. They had no time or strategic headroom to rethink contract designs or explore market innovations.

Approach

In 2024, the city council went live with a new contract management system, following engagement with every budget holder who signed a purchase order to identify their respective contract managers and agree on a common format for a new register.

The resulting solution functions as a fully electronic contracts register that hosts every council contract, with key dates and a dedicated internal team. By the end of the first year (June 2025) it contained details of nearly 1,400 live contracts with a combined estimated value of £2.7 billion.⁹

Impact

STRATEGIC FORESIGHT: The data allows the council's commercial team to look at least 18 months ahead, meaning the council can identify opportunities for savings and service redesign before contracts expire.

EXTERNAL TRANSPARENCY: The system's introduction was timed for the new Procurement Act; the council can now automatically publish its procurement pipeline at the press of a button.

SOCIAL VALUE ACCOUNTABILITY: The system enables the council to identify gaps where social value pledges are not being delivered. This moves social value from a 'scoring exercise' during the tender stage to a 'delivery requirement' throughout the contract lifecycle.

⁹ Contract Management System | Manchester City Council; Agenda Item - Contract Management Update - Meetings, agendas, and minutes - Manchester City Council

Key Insight

You can't act strategically on what you can't see.

As well as getting the procurement team an 18-month forward look, the data revealed that 76% of Manchester's active contracts were relatively low-value (under £200,000). Seeing this reality allowed the procurement team to introduce new, streamlined templates for quick quotes, freeing up officer bandwidth to focus on higher-value, higher-risk, and higher-impact projects.

Local government reorganisation and the ongoing evolution of strategic authorities offers a chance to grip contract management and establish the kind of strategic intelligence achieved by Manchester's commercial team. The exercise of mapping and preparing contracts for transfer to the new entities creates an opportunity to tag and integrate records as Manchester have, and in doing so to get upstream of the procurement cycle.



Spotlight on Suppliers

The push for procurement transparency is unleashing a wave of open data. But while visibility is a crucial first step, for small and medium-sized enterprises (SMEs), navigating this sudden influx of complex information presents a daunting new challenge.

As one participant in our expert roundtables highlighted, “small businesses have no time, resources [or] skills to parse complicated public sector systems or orchestrate large collaborative bids.”

Transparency alone isn't enough. To truly unlock SME innovation and local growth, the public sector needs to adopt practical tools and streamlined processes that help smaller suppliers navigate the data deluge, identify the opportunities best suited to their capabilities, and lower the transactional cost of bidding.

Expanding capacity with an external ‘Backbone’

Even with the enhanced visibility provided by better data, the sheer administrative weight of managing a fragmented market remains a primary driver of the “Safe Mode” default. Dividing requirements into specialist lots requires more upfront strategic design and a more intense “noticing” regime.¹⁰ To an overstretched team, this can look like more work. The choice often feels binary: face the daunting overhead of managing dozens of individual specialist contracts, or outsource the entire problem to a single corporate Prime.

However, a more resilient third way is emerging through the use of purpose-driven **‘backbone organisations’**. These are locally-embedded intermediaries that act as system integrators rather than traditional service providers. By providing the connective tissue - shared safeguarding standards, data platforms, and common impact metrics - a backbone organisation allows a diverse ecosystem of smaller, specialist providers to operate with the collective scale and sophistication of a major contractor. For the contracting authority, this offers the administrative simplicity of a single relationship without the associated concentration risk or rigidity of a traditional Prime.



¹⁰ Trowers & Hamblins, [To lot or not to lot? A thorny procurement question](#) (2026)

CASE STUDY

Improving outcomes for young people in West London

Service Challenge

Young people in West London often face a complex profile of needs, including mental health struggles, low school attendance and attainment, risk of school exclusion, and complex family or home lives.

Approach

Rather than managing dozens of individual contracts, a coalition of councils in West London commissioned AllChild to provide a market orchestration and delivery function. AllChild's Link Workers build trusted relationships with every young person to proactively identify individuals at risk and coordinate the support needed. By providing the data and common impact metrics that allow over 40 small VCSEs to act as one sophisticated organisation, AllChild provides a resilient local supply chain.

Impact

AllChild supports nearly 2,000 children annually across seven local authorities. A 'braided' funding model pools capital to increase resources and reduces risk to the public purse. Typically, 3 in 4 children move out of risk in their social and emotional wellbeing; 7 out of 10 persistent absentees improve their attendance, with half no longer classified as persistently absent.

Key Insight

The 'Backbone' model is a strategic alternative to the Prime contractor. While a Prime often manages a supply chain to maximise margin, a Backbone acts as a system integrator. It offers commissioners with limited bandwidth the administrative simplicity of a single relationship while fostering a local market of specialist peers who are embedded in the community for the long term.



Visible Leadership



The importance of 'air cover'

The transition from a transactional to a strategic model cannot be led from the procurement department alone; it requires visible leadership from the very top of the organisation. Without explicit, sustained endorsement from CEOs and political leaders to act differently, the system will struggle to escape 'safe-mode' behaviours.

In Manchester, this model is already in practice: testimony from our expert roundtables confirmed that sustained, public leadership from the Leader of the Council and the CEO empowers teams to push beyond the status quo. Similarly, senior leaders in Cardiff Capital Region (CCR) have embraced procurement as a tool for delivering outcomes. To support this, CCR has experimented with "reverse mentoring" to bridge the gap between senior leaders and the front line, ensuring both understand the art of the possible under the new procurement regulations. This shared knowledge and senior buy-in frees service managers and procurement teams from the "institutionally ingrained customs and practices that are often treated as legal requirements" but are, in reality, "folklore" that stifle progress.¹¹

"If you know you've got someone from the top table backing you and pushing you to be brave, it unlocks the conditions for innovation and risk-taking."

Stakeholder interview

By providing this cover, leaders empower procurement to move from a back-office sub-task to a primary vehicle for delivering strategic policy goals.

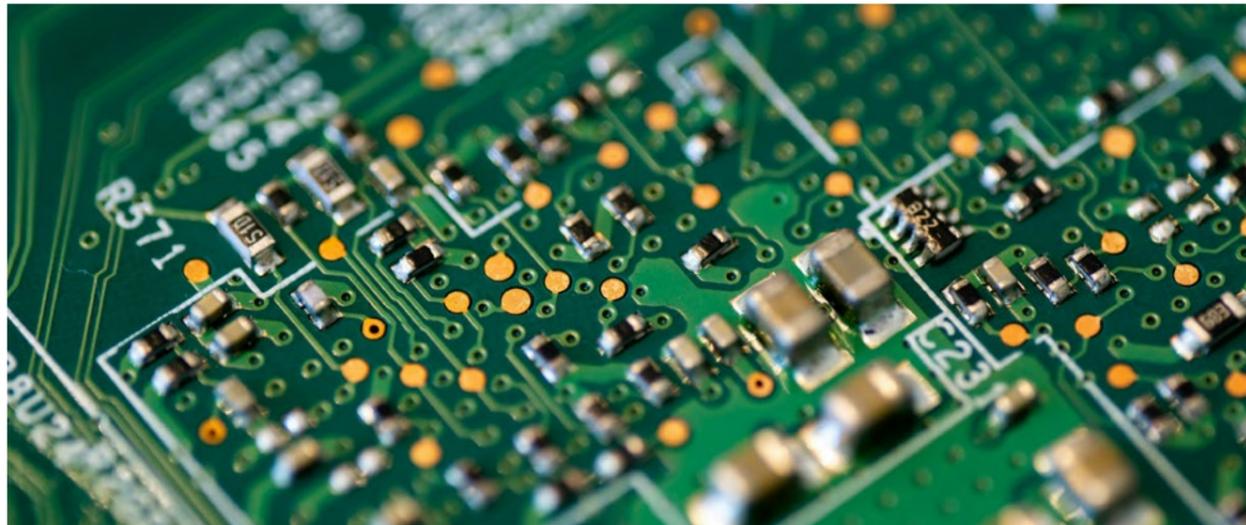
¹¹ Re.State, Procure and simple (2025)

Hardwiring commitments in flagship policies

For procurement to be an engine of growth, it must be hardwired into the public sector's flagship policy documents rather than relegated to an annex of technical procedures.

Mayoral Strategic Authorities have emerged as the central actors in delivering the UK's national growth mission. Under the English Devolution Bill, mayors are now tasked with a statutory duty to produce Local Growth Plans that provide an overarching framework for public and private investment. These plans are not meant to be aspirational economic visions; they are designed to be hardwired into the work of regional authorities to ensure that public spend directly supports local priorities.

Local and regional government already spends proportionally more with SMEs (35%) than the central government (11%) and the NHS (19%). Commitments in Growth Plans to harness the power of procurement to deliver strategic impact provides the necessary mandate for buyers to prioritise long-term outcomes - whether local job creation, supply chain resilience, and environmental stewardship - over short-term price. By elevating procurement to a strategic pillar, leaders can shift the spending culture of their organisations, ensuring that every pound spent aligns with the broader political and economic objectives of the region.



Spotlight on Growth Plans

Analysis of the currently available Growth Plans reveals a spectrum of approaches, with most regions yet to fully integrate procurement into their approach to economic development.

The West Midlands Combined Authority (WMCA) stands out as a pioneer in this space. Their Growth Plan does not treat procurement as a back-office sub-task; instead, it is positioned as a primary engine for their Inclusive Growth Framework. By explicitly linking regional spend to local skills, social enterprise support, and net-zero targets, WMCA provides its teams with the political direction needed to move beyond the transactional. Similarly, Liverpool City Region deserves recognition for its focus on Socially Trading Organisations, acknowledging that the social economy is a foundational strength rather than a peripheral 'nice-to-have.'

However, across the wider landscape, a gap remains. While almost every plan identifies social value and 'inclusive growth' as core pillars, fewer than half explicitly set out how they will use their buying power to help deliver them. Several emphasise influencing the procurement practices of allied anchor institutions, but more could be done to drive strategic impact from the spend combined authorities control directly to de-risk the market for others. In doing so, regions could foster a procurement culture that is empowered to align spending with strategy and design contracts that foster long-term regional prosperity.

Designing for outcomes and resilience



Use the Flexible Competitive Procedure to find the best solutions

While direct public sector spending with SMEs reached a record £45.4 billion in 2024, the proportion of the procurement 'pie' captured by these agile providers has remained stubbornly **stagnant at 20% for six consecutive years**, representing a massive missed opportunity to leverage the superior economic productivity and social impact of the UK's smaller firms.¹² To break this inertia, the public sector must work to reduce the cost of bidding, better matching the pace and process of procurements to their value.

Greater use of the Competitive Flexible Procedure (CFP) would enable this change. By incorporating stages for dialogue, co-design, and iterative feedback, buyers can tap into the niche expertise and creative problem-solving of smaller providers who are often deterred by traditional, high-barrier tenders. This isn't just about "being nice" to small business; it is about ensuring the public sector can access the best ideas, not just the best bid-writing teams. The value of this approach can be seen in the examples of Gateshead and Cardiff, where more agile approaches saw significant improvements in outcomes and equally significant cost reductions to the public purse.

"If we are talking about procurement, we are talking about the wrong thing. We should be talking about outcomes. Procurement should be the referee - it needs to stay in the background and enable the game."

Roundtable participant

¹² British Chambers of Commerce / Tussell, SME Procurement Tracker 2025

CASE STUDY

Cardiff Capital Region Endoscopy Challenge

Service Challenge

By 2024, endoscopy waiting lists in Wales reached a critical peak of **30,000 people**. Wait times were staggering: patients faced up to **44 weeks for urgent procedures** and **55 weeks for non-urgent ones**.

Approach

Place leaders at Cardiff and Vale University Health Board, in collaboration with the Cardiff Capital Region (CCR), issued an open innovation challenge. They invited the market to propose solutions defined by a singular outcome: *accelerate the delivery of safe, cost-effective endoscopy procedures*. CCR provided critical support to define the need and catalytic funding to test and validate the preferred product with end-users. This de-risked the cost of entry for innovators and cleared a path for procurement at scale.

Impact

Faster procedures and bedside delivery have enabled patients to exit the hospital faster, directly tackling backlogs. The project stimulated significant private sector investment in the R&D of the solution, fostering a local medical-tech cluster. The successful validation has demonstrated the potential for a national rollout across NHS Wales, providing a model for overcoming barriers to scaling innovation within the healthcare system.¹³

Key Insight

By starting well in advance of critical decision points, clearly defining the desired outcomes (rather than prescribing the mechanism) and engaging early with suppliers, place leaders can pull the market towards their most pressing challenges, stimulating private investment in R&D and catalysing new solutions.



¹³ Innovative single-use endoscopy technology tackles NHS waiting lists

Embrace ‘lotting’ to de-risk through diversity

If the CFP provides the process for engagement with smaller suppliers, lotting provides the structural foundation. Smaller, fast-moving and lower risk lots enable the kind of agile co-design which allow the creative energies of SMEs and VCSEs to shine. Switching from managing one or two prime suppliers to a diverse array of specialist providers may seem impossible for teams currently struggling with limited bandwidth. Careful attention will need to be given to ensuring interoperability and coordination, but the benefits outweigh the challenges.

By embracing a panoply of smaller contracts, authorities benefit from access to a richer market of potential suppliers, replacing the domination of a single major supplier with a series of manageable, competitive relationships. This improves resilience and adaptability to changing circumstances, technology or needs; while a single, rigid contract can become obsolete the moment it is signed, a lotted approach allows for agility, enabling the public sector to swap in new solutions or specialist expertise as needs evolve.

Lotting also addresses the risk of service discontinuity identified in our survey as the top priority for procurement leads. The high-stakes nature of massive, bundled contracts puts huge pressure on suppliers who invest heavily in bidding for them, sometimes leading to legal challenges when they are unsuccessful (estimated at up to 500 instances in the last decade).¹⁴ When a challenge is issued, it triggers an automatic suspension of the contract award, threatening to paralyse the entire service.

Data from the Technology & Construction Court (TCC) reveals that 81% of filed cases are ultimately settled or dropped before reaching a judgment. While this eventually avoids total service paralysis, it forces authorities into costly, rapid legal defences and settlements, creating a massive drain on public budgets. By adopting a lotted approach, authorities can lower the ‘all-or-nothing’ stakes of a single tender; smaller contracts are less likely to be contested as they are not as existential for the supplier, and even if a single lot is suspended, the authority’s wider service delivery remains protected from a single point of failure.

¹⁴ Data from the High Court and the Technology & Construction Court

Spotlight on the Impact Economy

The Impact Economy is a new term for the well-established ecosystem of social enterprises, VCSEs, purpose-driven businesses, and impact investors which play a vital role in the delivery of local outcomes across health, housing, early years, enterprise support and much more. These organisations are often more deeply embedded in their communities than national contractors, allowing them to pioneer “relational” interventions that standard specifications miss. They are not merely suppliers; they are ‘mission-aligned’ partners capable of the radical service redesign required to solve complex social problems.

To unlock this creative energy and the £100 billion plus in ‘impact capital’ stewarded by the sector need to close the participation gap, in which VCSEs and social enterprises are frequently sidelined by procurement structures that favour scale over impact.

In November 2025, the UK Government established a new Office for the Impact Economy spanning the Cabinet Office, HM Treasury and DCMS to support the public sector in partnering with this powerful ecosystem.¹⁵

¹⁵ Office for the Impact Economy (GOV.UK)

CASE STUDY

The Liberated Method - Gateshead

Service Challenge

A small cohort of individuals with the highest contact with health, justice, and alcohol recovery services receiving extensive support (at significant expense to the taxpayer) but remaining trapped in a 'revolving door of crisis.

Approach

The council pioneered the 'Liberated Method,' shifting from buying services to funding capabilities. They replaced prescriptive tenders with stewardship-based co-design, giving frontline workers the "license to be human". Instead of forcing service users through rigid service pathways, workers were empowered to ask a simple question: "What do you think would help you?". Support was then bespoke and immediate, backed by block-funding that prioritised trust over hundreds of transactional KPIs.

Impact

Abandoning the siloed approach which largely addressed symptoms in favour of direct, stewardship-based engagement was not only better for the individual and society, but also vastly cheaper. **For one specific individual tracked, costs fell from a baseline of £2 million in a single year (under the previous model) to £500,000 in year two and £0 by year three.**

Additionally, frontline workers reported a dramatic rise in morale and workforce retention, as they were 'liberated' to use their professional judgement.

Key Insight

The Gateshead model proves that for complex social challenges, the 'most advantageous tender' is one that buys adaptability and releases the creative energies of those on the frontline. Strategic commissioning means moving from a buyer-supplier transaction to relational partnerships of common purpose.



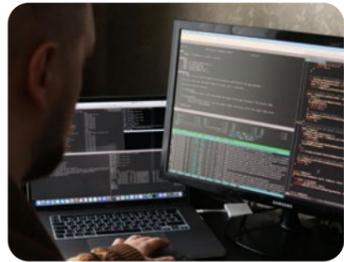
Beyond Safe Mode: A mandate for purposeful spending the system

The evidence presented in this report confirms that the UK's procurement system is not broken by design, but stalled by habit. For years, the public sector has operated in a "Safe Mode", a defensive posture that prioritises the avoidance of procedural error and legal challenge over the achievement of social value. While this approach offers the illusion of safety, the real-world cost is an invisible tax on our communities: lost innovation, excluded local businesses, and services that are too rigid to meet the complex needs of 2026.

Rebooting the system

Both the procurement profession and the regulations which guide them are clear on the potential for public spending to deliver much greater social impact than it currently does. The system is primed to embrace its new role, focused on delivering outcomes and strategic value, but has been frustrated by practical pressures and conflicting priorities.

To achieve this reset, the system requires deliberate action across three layers:



RESETTING CAPACITY

Public bodies must use technology and collaborative 'backbone' models to reclaim bandwidth from the transactional. Liberating the expertise of procurement professionals means they can move 'upstream', undertaking market shaping and pre-market engagement which delivers better services and outcomes.



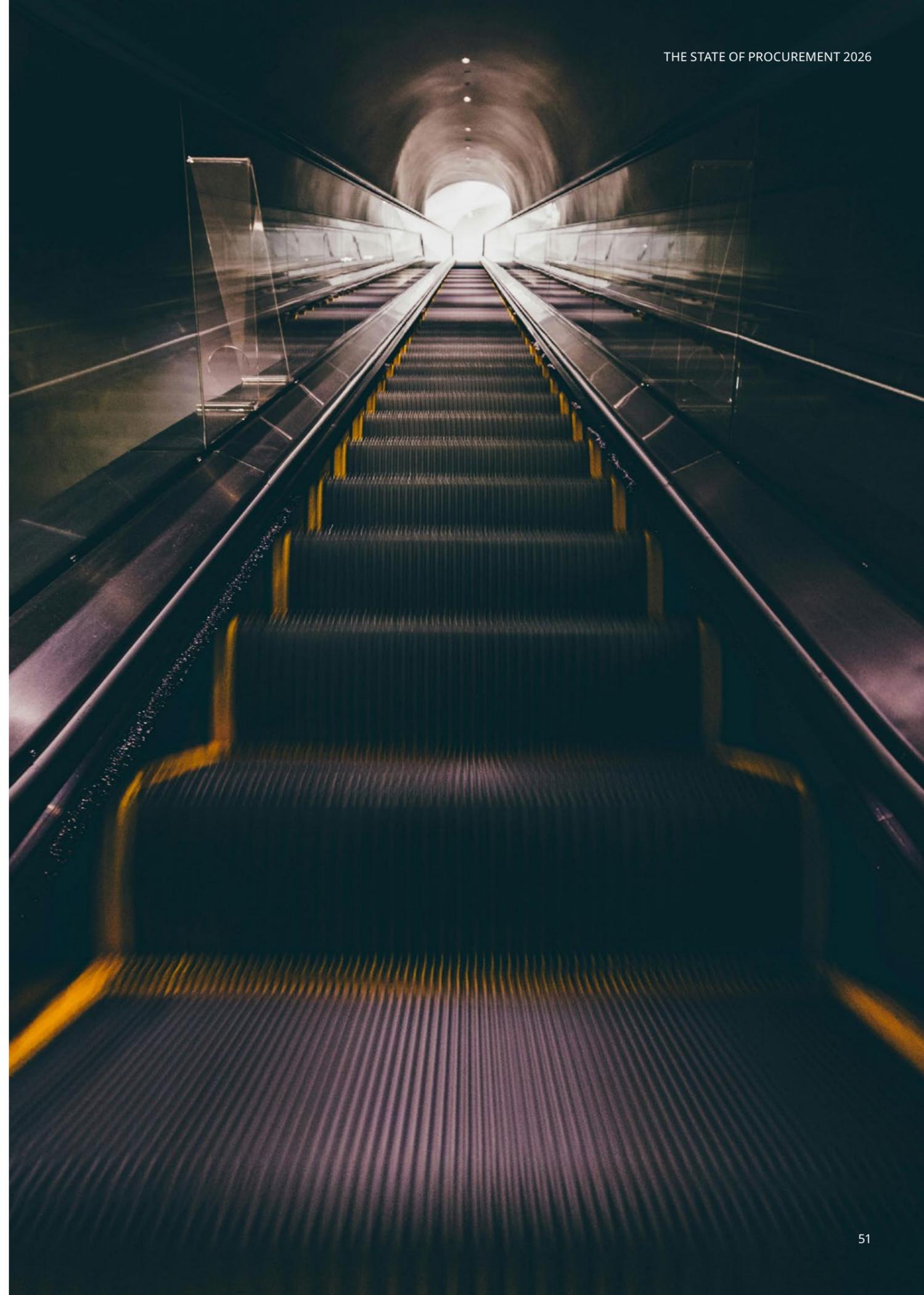
OVERWRITING OUTDATED CULTURE

Organisations should re-evaluate the balance of risk between preserving the crumbling status quo and embracing processes which unlock the creativity of the market. The traditional approach of bundling public contracts into massive, impenetrable packages, does not outsource risk; it concentrates it. By embracing smaller, more agile SMEs and VCSEs, we build a more resilient and responsive delivery ecosystem.



A LEADERSHIP COMMAND

This change cannot be led from the procurement department alone. It requires an active mandate from the 'top of the office' to prioritise long-term outcomes over short-term demands. If strategic spending is not identified clearly as a core pillar of flagship programmes like regional Growth Plans, it will continue to fall victim to operational pressures like cost savings.



Rising to the moment

Now is the time. The regulatory framework now allows for the flexibility many have long sought. Pressures at home and abroad create undeniable impetus for the ambitious redesign of public services. Devolution and local government reorganisation are putting more power in the hands of leaders who have a demonstrated ability to maximise the impact of public spending.

The only remaining variable is the courage to act.

Every year, hundreds of billions of public spend flows through the system. We can choose to let it follow the path of least resistance - propping up legacy models and 'Safe Mode' behaviours - or we can direct it with purpose.

The 2026 Reboot is an invitation to reclaim procurement as the state's most powerful tool for national renewal. The goal is no longer just to spend 'well' or 'safely', but to invest our resources in a way that creates a more prosperous, resilient, and equitable future for everyone.



The system is ready to step up a gear.

Are you?



Acknowledgements



AUTHOR

Sam Markey
Recurve

CONTRIBUTORS

Adam Jacobs
Bloom Procurement Services

Danni Ahberg
Thrive

Johnny Hughill
PUBLIC

Jonathan Bland
E3M

Julian Blake
Stone King LLP

Lindsay Payton
One Consulting Group

Lorna Ingwell
Tussell

Sam Salisbury
NHS Wales

Owen Wilce
Cardiff Capital Region

Peter Schofield
Manchester City Council

Rebecca Rees
Trowers & Hamlins LLC

Sam Davies
NHS Wales

Shabana Hussein
Newlon Housing Trust

Appendix: Data and Methodology

The 2025 Public Procurement ‘Reality Check’ survey was launched at the Local Government Procurement Expo (LGPE) on 25 November 2025 and ran to 14 January 2026.

The survey received 33 responses.

Respondents were streamed into four categories, with language tailored to each type:

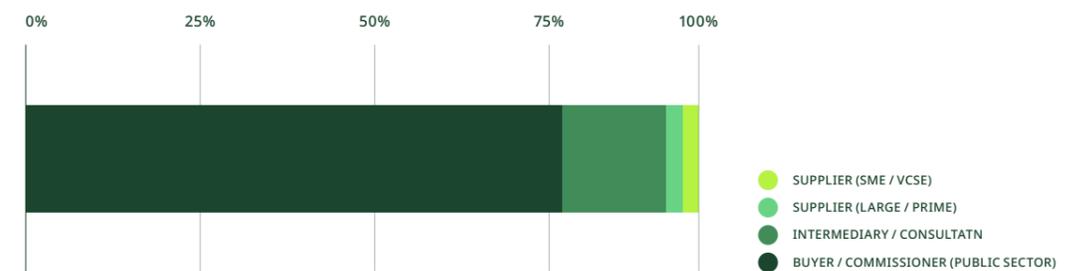
- Buyer / Commissioner (Public Sector)
- Supplier (SME / VCSE)
- Supplier (Large / Prime)
- Intermediary / Consultant

Responses were aggregated and analysed by category (i.e. market role). Percentage figures cited represent the proportion of valid answers within each specific respondent group for the question being analysed.

Due to the small sample size (N=33), the results highlight strong directional themes and barriers rather than statistically significant trends. These were validated through interviews and roundtable discussions with sector stakeholders.

- The largest number of responses (25) were received from those self-identifying as ‘buyer \ commissioner (public sector)’, which was our primary target audience.
- Six responses were received from intermediaries / consultants.
- Since only two responses were received from Suppliers (one of each type), their responses were included as individual data points rather than broad trends.

WHAT IS YOUR ROLE IN THE MARKET?





Drawing on partnerships with hundreds of local, regional and national leaders across the UK, Europe and the US, plus an extensive network of expert Associates, we specialise in empowering leaders to lead beyond boundaries, transform everyday spending into a tool for innovation growth, and to mobilise purpose-driven capital which maximises the resources available to deliver ambitious projects.

We believe that every purchasing decision is an opportunity to shape the future. Our founder, Sam Markey, founded the Innovation Procurement Empowerment Centre (IPEC) and co-chaired the World Economic Forum's global taskforce on Innovation-Friendly Procurement, authoring a model policy and diagnostic tool, launched in 2025.

www.recurve.co

Recurve equips leaders to navigate change, forge lasting collaborations, and drive enduring renewal.



Professional expert services. A reliable and robust solution supporting public sector organisations to procure specialist professional services through a well-governed and efficient route to market. With over 20 categories and more than 7,000 projects delivered to date, NEPRO Three consistently achieves significant savings for our buyers. Designed for organisations seeking a reliable procurement solution for specialist professional services, it provides confidence, control, and assurance at every stage of the process.

www.nepro.org.uk

Trusted service.
Proven delivery.



Through the NEPRO Three framework, Bloom operates as a fully managed procurement and delivery platform, supporting organisations from early market engagement through to assured delivery, contract management and payment. Unlike traditional frameworks, we don't stop at supplier appointment. We public sector organisations across the UK, providing access to a network of more than 6,500 accredited suppliers - the majority of which are SMEs.

Through structured competition and active delivery management, Bloom typically delivers around 14% average savings after all costs, while improving access to specialist expertise and innovation. By opening access to this diverse supplier ecosystem, we enable stronger competition, better solutions and improved value for money. Every project is underpinned by structured delivery management, milestone-based payments and robust governance, reducing risk while protecting public funds.

By combining market access, compliant procurement and delivery assurance, Bloom enables public sector organisations to procure with confidence and achieve better outcomes for the communities they serve.

www.bloom.services

At Bloom, we connect public sector organisations with the market and ensure procurement delivers outcomes.



The State of Procurement 2026

Rebooting public spending to unlock
better outcomes and growth

