

Public Procurement Reform: Key Changes Coming in February 2025

2 months ago



On February 24, 2025, the [Procurement Act 2023](#) will come into effect, significantly altering how public bodies in the UK procure goods and services. This landmark legislation aims to streamline procurement processes, improve transparency, and create a more level playing field for suppliers, particularly small businesses, start-ups, and social enterprises.

Impact on Businesses

The changes will directly impact any business that supplies to public sector organisations, including government departments, the NHS, local authorities, universities, schools, and utilities.

Key Benefits for Suppliers:

- **Streamlined Processes:** The Act aims to simplify and standardise procurement procedures, making it easier for businesses to navigate the tendering process.
- **Increased Transparency:** Enhanced oversight of procurement decisions will ensure fairness and accountability.
- **Improved Payment Terms:** The Act includes measures to strengthen payment terms, ensuring timely payments to suppliers.

Preparing for the Changes

Businesses that supply to the public sector should familiarise themselves with the details of the Procurement Act 2023 and understand how these changes will affect their operations.

Key Considerations:

- **Adapt to new rules and regulations:** Understand the specific requirements of the new legislation and

ensure compliance.

- Leverage new opportunities: The Act aims to create a more inclusive procurement environment, opening doors for smaller businesses to compete for public contracts.
- Build strong relationships: Develop and maintain strong relationships with public sector clients to understand their evolving needs and priorities.

The Procurement Act 2023 represents a significant shift in public procurement. By understanding the key changes and adapting their business strategies accordingly, suppliers can capitalize on these opportunities and thrive in the evolving landscape.

Comments from The Cabinet

Exclusively, a Cabinet Office spokesperson told FM Business Daily: “Our entire focus is on growing the economy by empowering communities, creating high-quality local jobs, driving innovation and opening up opportunities to small businesses and social enterprises.

“The Procurement Act 2023, which will go live in February, aims to deliver this growth with a simpler and more transparent public sector procurement regime that provides greater value for the taxpayer.

“We will publish a bold new National Procurement Policy Statement to harness the billions of pounds spent by public sector organisations each year and ensure buyers use procurement to deliver on our Missions and the Plan for Change.”

In a written ministerial statement from Minister Georgia Gould, Labour MP for Queen’s Park and Maida Vale (pictured), she said: “The Procurement Act 2023 aims to create a simpler and more transparent regime for public sector procurement that will deliver better value for money and reduce costs for business and the public sector. This Government will use this legal framework to deliver greater value for money and improved social value, which will help raise standards, drive economic growth and open up public procurement to new entrants such as small businesses and social enterprises.

“Under the Act, the previous administration published a National Procurement Policy Statement to which contracting authorities will have to have regard. But this Statement does not meet the challenge of applying the full potential of public procurement to deliver value for money, economic growth, and social value. I have therefore taken the decision to begin the vital work of producing a new National Procurement Policy Statement that clearly sets out this Government’s priorities for public procurement in support of our missions.

“It is crucial that the new regime in the Procurement Act goes live with a bold and ambitious Statement that drives delivery of the Government’s missions, and therefore, I am proposing a short delay to the commencement of the Act to February 2025 so this work can be completed. I am confident that the extra time to prepare will allow for a more seamless transition, ensuring a smoother and more effective implementation process for both contracting authorities and suppliers.”

Image credit: Georgia Gould ©House of Commons/Roger Harris