

Trends and Opportunities 2025

Insights from Tracker on the Changing Public Sector Landscape



Introduction

Public procurement in the UK is entering a new era. With the Procurement Act 2023 now live, a sharper focus on innovation, value for money, and social impact is reshaping how the public sector buys — and how suppliers must respond.

This Tracker Report captures the key trends and market intelligence you need for 2025, from sector-specific insights to the growing value of

fewer, bigger contracts. Whether it's the push for digital transformation, sustainable growth, or local delivery, opportunity is everywhere for those ready to adapt.

Use this report to stay ahead, plan smarter, and win more in a fast-evolving public sector marketplace.



Amid a period of unprecedented transformation across public procurement in England, driven by a new government, legislative reform, local government reorganisation and NHS reform, it is more important than ever for suppliers to understand how procurement activity will be impacted, and where the opportunities lie.



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A Year in Procurement at a Glance

2024 was a year of transformation for public sector procurement, marked by structural change, legislative reform, and shifting market dynamics. Against the backdrop of a new government, ambitious public spending plans (and cuts), and the introduction of the Procurement Act 2023, suppliers have had to adapt quickly to an evolving commercial environment. For UK SMEs and startups in particular, the past 12 months have presented both challenges and opportunities – and 2025 is already shaping up to be a pivotal year.



Legislative Milestones and Market Reform

The single most significant change was the commencement of the **Procurement Act 2023**, which came into force on 24 February 2025. This landmark legislation has replaced the legacy EU-based rules with a simplified, more flexible framework focused on value for money, transparency, and inclusive growth. For suppliers, the Act promises a more accessible marketplace, particularly for those offering innovative, socially responsible, and locally focused solutions.

Alongside this, the **National Procurement Policy Statement (2025)** and accompanying Procurement Policy Notes (PPNs) have introduced new expectations around social value, SME engagement, and sustainability — shifting the baseline for what public sector buyers look for in their supply chains.



The Data Behind the Change

Tracker's business intelligence shows the overall public sector market is becoming increasingly lucrative. **Contract notice volumes fell by 23.3% in Q1 2025 compared to Q1 2024**, while the **number of awards fell by 9.4%**. However, the combined value of notices in England more than doubled to over £384bn, while the combined value of awards almost trebled to £301bn.

The lower volume of notices and awards indicates buyers are focusing on fewer, more strategic procurements — often via **framework agreements**, but the big increases in value indicate large-scale, long-term contracts becoming the norm across sectors like infrastructure, housing, and health. This points to ongoing market consolidation and an emphasis on partnerships, early engagement, and innovation.



Public Sector Transformation Underway

Beyond procurement mechanics, structural change is reshaping the public sector landscape. Local government reorganisation, the Spending Review, and NHS reform all signal a drive for efficiency, digitalisation, and decentralisation — themes that are deeply relevant for suppliers. For those who are ready to adapt, engage early, and align with new priorities, these changes represent a wealth of opportunity.

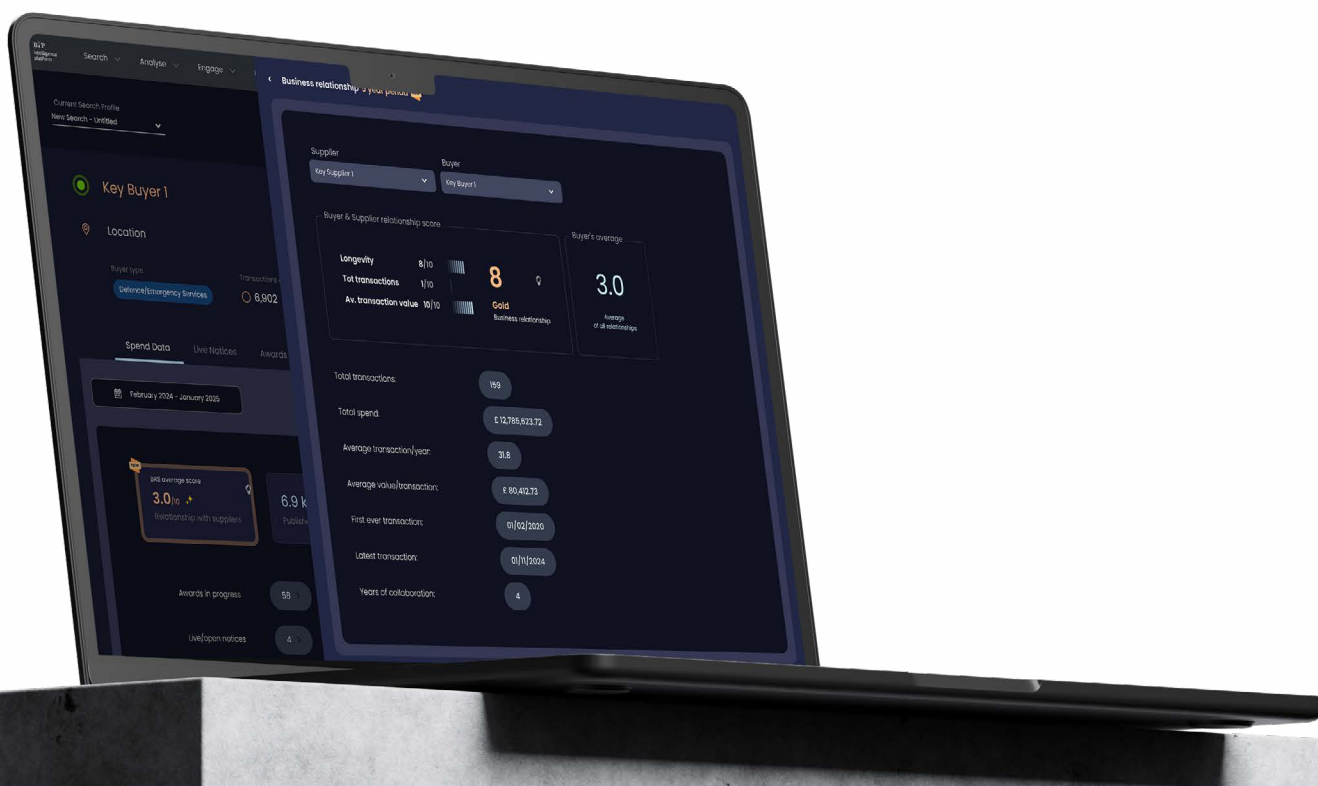
As we enter the 2025–26 financial year, supplier readiness has never been more important. Whether your organisation is bidding for the first time or navigating the transition to the new regime, staying informed and proactive will be key to success.



Unlock Your Advantage with Tracker

Book a free consultation today and see how Tracker's real-time intelligence can power your public sector success.

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Key Trends for 2025

As the public sector embarks on a transformative period, 2025 is emerging as a defining year for procurement in the UK. With legislative changes, budgetary realignment, and innovation driving the agenda, suppliers must be agile, informed, and ready to respond to shifting dynamics. From the introduction of the Procurement Act to the government's focus on AI, sustainability, and infrastructure reform, the trends outlined below reveal the shape of the year ahead.



The Procurement Act: A New Era Begins

The Procurement Act 2023 marks a fundamental shift in how public procurement operates across the UK. Replacing legacy EU-derived regulations, the Act introduces a simplified and more flexible system built around transparency, value for money, and public benefit. The new legislation is designed to make the procurement process easier to navigate, particularly for SMEs and voluntary, community and social enterprises (VCSEs).

Among the most impactful reforms is the introduction of Competitive Flexible Procedures, giving public bodies greater discretion in how they design procurements. Open Frameworks allow suppliers to join agreements mid-term, broadening access to high-value contracts. Preliminary market engagement is now widely encouraged, and new commercial objectives, including innovation and social impact, are now central to procurement decision-making — helping to shift the focus from lowest price to long-term public value.

Two new Procurement Policy Notes (PPNs) have also been introduced to support this transition. PPN001/2025 requires central authorities to set multi-year targets for direct spending with SMEs and VCSEs, while PPN002/2025 mandates a minimum 10% weighting for social value in contract evaluation. These policy changes are helping to embed the principles of inclusive growth and community benefit into the procurement landscape.



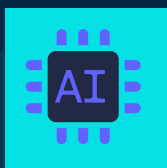
The 2025 Spring Statement: Efficiency and Strategic Investment

The 2025 Spring Statement, delivered on 26 March, outlined a dual approach of fiscal consolidation and strategic investment. Facing a £22 billion deficit, the government announced a £14 billion savings package, including £4.8 billion from welfare reforms and £3.6 billion in departmental spending cuts. These measures are designed to balance the budget by 2029–30, restoring economic stability.

Alongside fiscal tightening, a new £3.25 billion Transformation Fund was launched to drive digital reform across the public sector. This includes investments in AI, automation, and digital skills, with a goal of making one in ten civil servants a digital professional by 2030. For suppliers, particularly those in tech and digital services, this represents a major opportunity.

Defence spending will rise by £2.2 billion in 2025–26, supporting the commitment to reach 2.5% of GDP by 2027. Meanwhile, reforms to housing and planning aim to unlock 1.5 million new homes, spurring growth in infrastructure and construction.

For suppliers, the message is clear: value for money, innovation, and efficiency are paramount. Those who align with government priorities and offer scalable, impact-driven solutions will be best placed to win public contracts in the year ahead.



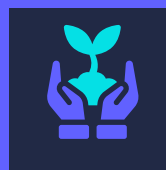
Innovation and the AI Revolution

Artificial intelligence (AI) is already transforming how the UK public sector operates, with 2025 marking a rapid acceleration in adoption. From GOV.UK's AI chatbot and automated diagnostics within the NHS, to local government virtual assistants and the DWP's white mail scanner, the UK government is embedding AI across its service portfolio.

To support this transformation, more than £14 billion in investment has been committed to new data centres — now officially designated as part of the UK's Critical National Infrastructure. A £3.75 billion data centre project in Hertfordshire and a new £250 million site in Salford highlight the scale of digital ambition.

Procurement policy is keeping pace with these developments. PPN017/2025 encourages suppliers to disclose how they use AI in their service or product offerings, helping buyers to evaluate opportunities and risks more effectively. This greater focus on transparency aims to ensure that AI adoption is not only efficient, but also ethical and accountable.

For suppliers working in AI, data analytics, automation, and cybersecurity, this is a moment of exceptional opportunity. However, success will depend on a clear understanding of public sector needs, a strong track record of delivery, and demonstrable commitment to data privacy, governance, and responsible innovation.



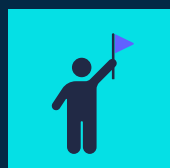
Sustainability, Social Value and Net Zero

Sustainability is now a core principle in UK public procurement, reinforced by the government's renewed net zero commitment. In a landmark speech at COP29, the Prime Minister reaffirmed the target of reducing national emissions by 81% by 2035. Procurement will play a key role in reaching this goal, and all public bodies are expected to prioritise environmental and social outcomes when awarding contracts.

The revised National Procurement Policy Statement places a renewed emphasis on delivering value for money across the life cycle of a project — considering not just cost, but also environmental and societal impact. The social value model is now mandatory, and all commitments made by suppliers must be measurable and reflected through clear key performance indicators.

This means suppliers are being evaluated not just on what they do, but how they do it. Those with strong sustainability credentials will be best placed to win contracts, but businesses must also show how they will support local employment, skills development and community benefit.

For suppliers, the message is clear: being proactive, transparent, and ambitious on sustainability and social value is no longer optional — it's essential.



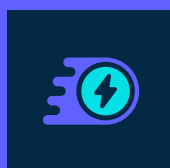
Local Government Reorganisation: Structural Change and Supplier Opportunity

A sweeping reorganisation of local government in England is underway, driven by the English Devolution White Paper and a drive toward decentralisation. In an effort to improve accountability, reduce duplication, and streamline delivery, the government is reshaping the structure of local authorities — with major implications for suppliers operating in this space.

Plans include merging two-tier councils to form larger unitary authorities, and creating new Combined Authorities for regions with populations over 1.5 million. This restructuring is being phased in throughout 2025, with many local elections postponed to support the transition.

While this creates short-term complexity and disruption, it also offers significant long-term opportunity. Larger local authorities are likely to have more procurement autonomy, bigger budgets, and more strategic commissioning priorities. For suppliers that can build strong regional relationships and engage early, this shift opens the door to more focused and collaborative procurement models.

Decentralised procurement also benefits smaller, locally based suppliers who may have previously found it difficult to compete in a more centralised system. With the right approach, local government reform could usher in a more diverse and dynamic marketplace.



The UK Infrastructure and Planning Bill: Unlocking Investment and Accelerating Delivery

The government's ambition to drive growth through infrastructure is being formalised through the UK Infrastructure and Planning Bill, which aims to fast-track the delivery of major projects across transport, housing, energy, and the environment.

The Bill is designed to reduce barriers to development by streamlining planning procedures, unlocking land for large-scale investment, and introducing new cross-boundary planning mechanisms. Reforms to the Nationally Significant Infrastructure Project (NSIP) process will help accelerate approvals and deliver faster progress on key national priorities.

Major funding has already been announced for flood defences, green steel production, wind energy projects, and major transport infrastructure, and more will likely follow if the Bill passes, though for now it is still in its very early stages.

For suppliers in infrastructure, construction, engineering, and energy, the opportunities could be vast. Those who can demonstrate compliance with sustainability standards, offer scalable delivery models, and work effectively in partnership with public bodies will find themselves well placed to contribute to this new wave of investment.



Looking Ahead

Taken together, these trends paint a clear picture of a public sector in transformation — prioritising efficiency, innovation, and social value, while delivering services in new and smarter ways. For suppliers ready to embrace change, align with public policy, and bring forward bold ideas, **2025 offers unparalleled opportunity.**

Now is the time to engage, invest in readiness, and build the partnerships that will define the decade ahead.



Sector Spotlights



Local Government

Against a backdrop of reorganisation in England, the local government sector has seen a notable shift in procurement activity between Q1 2024 and Q1 2025. While the total number of contract notices decreased by approximately 20% — from 4,067 in Q1 2024 to 3,259 in Q1 2025 — the combined value of those notices increased significantly, rising from £45 billion to over £55.7 billion.

This indicates a trend toward fewer but larger, higher-value contracts, a pattern reflected across the wider public sector landscape. There was a small dip in the total number and value of awards during this period (6,942 awards at a value of £30.2bn in Q1 2025, down from 7,160 awards at a value of £33.3bn from Q1 2024), but Local Government remains by far the most active buyer in the public sphere.

The frameworks picture remains steady and predictable, with a slight increase in both the number of framework notices and awards but slight reductions in the combined value of those notices and awards. Overall though, Local Government is still the most active player in this market, accounting for over 43% of framework notices in the public sector, and over 38% of awards.

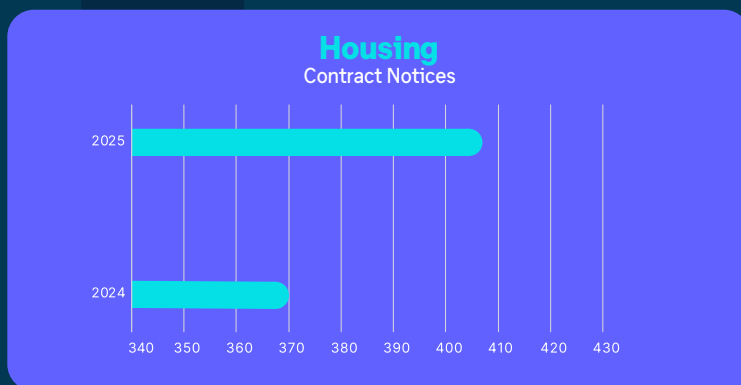


Housing

The UK Government's commitments to deliver 1.5 million homes within the current parliamentary term is likely to have been a key driver in the increase in activity that has been seen in the housing, infrastructure and construction sectors across the last year, and is likely to result in significant supplier opportunities for the foreseeable future.

While the number of notices did fall, as is being seen across the public sector (370 in Q1 2025 compared to 419 in Q1 2024), there was a significant uptick in the combined value of those notices, from £9.36bn in Q1 2024 to £15.5bn in Q1 2025. The number of awards has also risen in this timeframe from 468 to 594, while the value of the awards rose from just over £5bn to more than £5.5bn.

As far as Frameworks are concerned, while the number of notices remained steady (rising from 82 to 85), the value markedly increased from £5.7bn to almost £9.2bn. The number of awards also rose noticeably from 156 to 183, although the value did drop from around £4.25bn to £1.75bn. Nevertheless, frameworks remain a key part of housing buyers' strategy in England, accounting for around 23% of all notices.



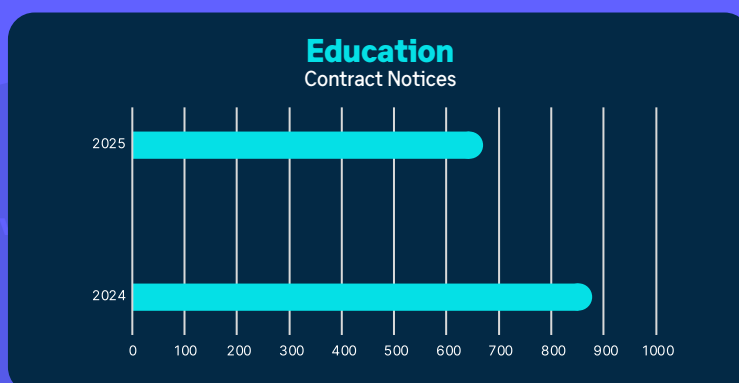


Education

In keeping with what has been seen across much of the public sector, the Education sector in England experienced a drop in the number of contract notices (670 in Q1 2025 compared to 877 in Q1 2024), however the value of those notices almost doubled from nearly £3.5bn to almost £6.3bn.

There was however a drop in the value of Awards (£806.8m in Q1 2025 compared to nearly £2.7bn in Q1 2024), with the sector also accounting for a slightly smaller of contract awards across the public sector compared to a year earlier (5.3% in Q1 2025 compared to 6.1% in Q1 2024).

There was however a notable increase in framework notices in Education, from 74 in Q1 2024 to 96 in Q1 2025, with the value of such notices rising marginally to nearly £2bn. In line with the awards data though, framework awards fell in number from 223 to 178, with the value of those awards falling from over £2.2bn to £475m.



Central Government

Central Government remains one of the most active buyers of all sectors in England, and while the overall trend of reduced numbers of awards and notices across the public sector is also reflected in Central Government, values remain on an upward trajectory, making this sector one of the most lucrative for suppliers.

The number of notices in England between Q1 2024 and Q1 2025 dropped from 1,105 to 812, however the value of those notices rose from over £80bn to almost £99bn. The number of Awards fell from 5,166 to 3,859 in the same period, but the value of those Awards rose from around £42.7bn to £57.2bn.

Within Central Government, the Department for Environment, Food and Rural Affairs (Defra) was the largest buyer in Q1 2025, with a total value of £1.35bn spent across 211 contracts, with UK Research & Innovation and the Foreign, Commonwealth and Development Office also among the top spenders.

The value of framework notices in Central Government also doubled from £45bn to over £90bn, while the value of awards also rose from nearly £31bn to £46bn, despite a decrease in the overall number of awards.





Infrastructure

With the UK government having pledged to increase capital investment by £13bn in 2025 – taking total departmental capital spending to £131bn in 2025-26 – opportunities for suppliers are expected to accelerate as buyers push to deliver strategic, long-term capital projects.

The Infrastructure and Construction sector was the most active sector in England in terms of the number of new contracts in Q1 2025, with 5,543 contracts reported from a total of 1,160 buyers, representing a total value of over £239bn, with only the Health and Care sector experiencing a higher contract value in the quarter.

The value was also a major increase from the £96bn reported in Q1 2024, despite there being fewer contracts overall, with National Highways and the Environment Agency being among the biggest spenders of any public buyer in Q1 2025.

Many of the most-high value framework notices in Q1 2025 also concerned infrastructure, including the New Hospital Programme 2.0 Alliance (H2A) Framework from NHS England, and Construction Framework 25 in London from the Department for Education.

Infrastructure & Construction

Industry Sector	No. of Contracts	No. of Buyers	No. of Suppliers	Total Value
Infrastructure & Construction	5,543	1,160	2,715	£239,356,400,515
Professional Services	4,840	1,030	2,449	£115,412,731,954
Health & Care	4,815	825	3,661	£376,752,696,574
General	2,658	865	1,712	£125,860,782,357
Transport & Logistics	2,473	458	1,230	£35,001,392,311
Education & Culture	2,267	786	1,690	£41,003,420,970
Technology & Communications	2,172	622	1,053	£40,572,360,155
Energy & Environment	1,369	600	754	£32,448,282,212
Defence	471	253	366	£148,578,613,660

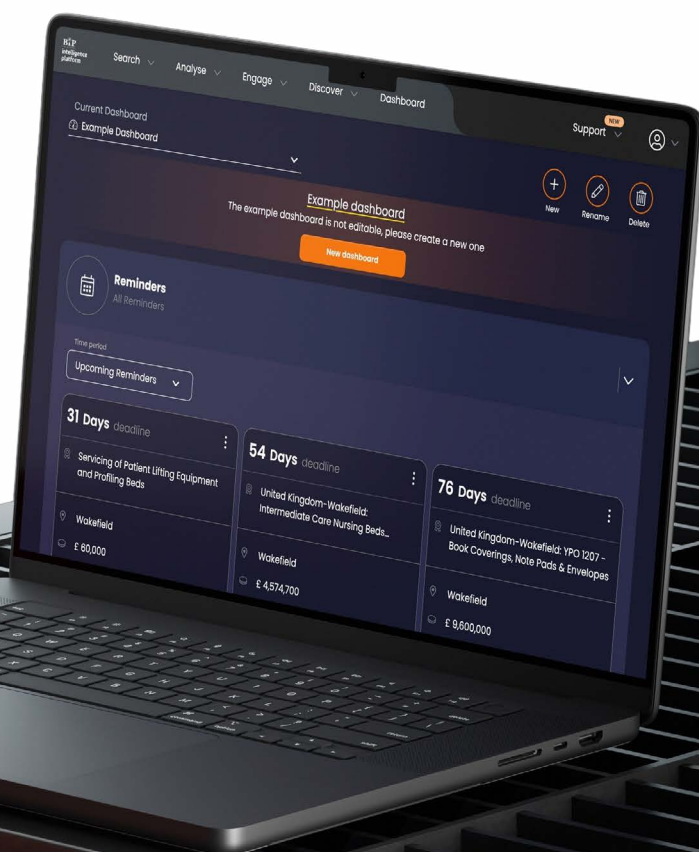


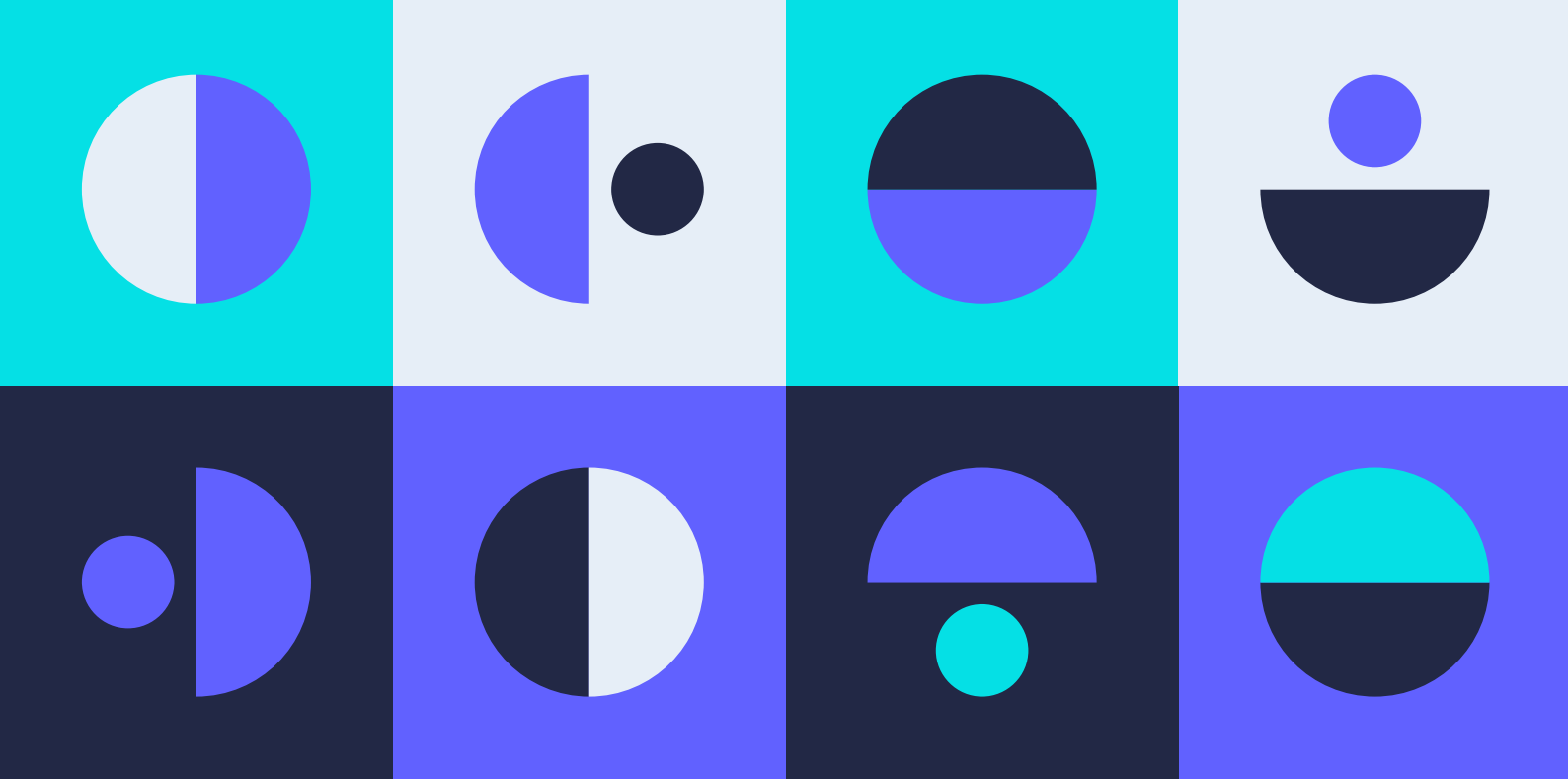
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