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PPN 026 and Social Value Reforms

BSA Summary 5.8.26

Background

The Government has announced further reform to maximise the use of public procurement as a strategic lever to deliver growth in every postcode.

The BSA met with Cabinet Office Minister Mark Ferguson M.P. yesterday to discuss today's announcements. This follows our longstanding engagement with Cabinet Office on reforms to social value policy and other ongoing priorities. Thank you to those members who have contributed to these discussions and further engagement is planned for the autumn.

Responding to the announcement, BSA Head of Policy Piers Neill said: "We welcome the recognition of the role that services and infrastructure providers play in supporting many of the Government's goals including growth, jobs, and value for communities in every postcode. Embedding this at the heart of central government procurement practices is a crucial step and we look forward to working with Cabinet Office colleagues as this work progresses."

Today's announcement includes a new streamlined social value model for central government procurement. It focuses on backing British jobs, skills and opportunities, and specifically targets support for young people not in education, employment, or training (NEET), care leavers, and local communities.

The Reforms

The new social value model focuses on the key goals of economic growth and community impact, providing clear areas of focus for businesses. Other areas businesses had to prove they were acting on will be scrapped.

The new rules will apply to central government procurements, with implementation taking effect from 1 January 2027 following detailed technical guidance in Autumn 2026.

Potential suppliers will be judged on their commitment to creating high-quality British jobs, tackling local skills shortages, and supporting young people into apprenticeships and work placements.

New rules will double the importance of creating local benefits when the government buys goods or services - ensuring spending directly creates training, work experience, and jobs in every postcode.

Under the changes, the score for bringing benefits to the local community will be raised from 10% to 20% for contracts worth £5m or more. Contracts between £1m and £5m will carry a 10% weighting. It will not apply to contracts under £1m.

Bidders can get extra credit for creating local jobs that pay above the legal minimum wage and "treat workers properly", as well as helping to plug local skills gaps by offering training such as 45 days of work experience. Suppliers will be assessed on their commitment to backing British jobs, skills and opportunities, and specifically targeting support for young people not in education, employment or training (NEETs), care leavers and individuals with long-term health conditions.

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To ensure companies honour their pledges, for major contracts, government departments will allocate a key performance indicator (KPI) and make annual progress reports available publicly. Suppliers' performance will be measured against their commitments.

The changes come as part of a package of reforms intended to back British jobs and communities by protecting national security, cutting waste and boosting local economies.

The press release also states that government will adopt a stance that supports good risk taking in support of innovation, rather than stifling it through procurement processes.

PPN 026 and the new model

In addition to this, PPN 026 has now been published which includes further details on:

- The new definition of Social Value
- Details on additional Social Value KPIs for contracts over £5m
- The new Social Value Model which is split into two Outcomes (Good Jobs and Skills) and six award criteria (Create and/or retain high quality jobs; Fair working conditions; Fair pay; Training / Retraining; In-work progression; Talent Pipeline).

Further guidance will be published in the Autumn to help in-scope organisations understand how to apply the model in practice (i.e. how to select outcomes and criteria, evaluate responses and apply metrics to measure performance). Cabinet Office will also develop guidance to support procurement teams intending to take into account existing, inherent social value (e.g the wider community benefits of retaining local jobs).

Target Cohorts which will be included in future guidance:

- those not in employment, education or training (NEETs);
- those transitioning from education to employment;
- those with a long term health condition or disability;
- care leavers
- other communities that face barriers to employment to be set out in supporting guidance to be published in autumn 2026.

Target Skills will be identified from skills shortages set out in government skills strategies. Skills for clean energy jobs is an example that in-scope organisations could consider.

The press release can be read here.
PPN 026: The social value model can be read here.