

UK Steel

Cabinet Office Consultation – Public Procurement: Growing British industry, jobs and skills

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Introduction

UK Steel welcomes this important consultation and the opportunity to contribute to the Government's efforts to harness public procurement as a strategic lever to support British industry, jobs, and skills. Public procurement represents a powerful tool available to the UK Government to stimulate industrial growth, reinforce domestic supply chains, and enhance national resilience.

With the Government committing up to £2.5 billion through the National Wealth Fund to support the steel industry it is essential that public sector purchasing decisions are aligned with this investment. The Government should seek to maximise the return on public spending by ensuring that UK-made steel is used wherever possible in publicly funded infrastructure projects.

According to the Government's own Steel Public Procurement Pipeline, over 7.5 million tonnes of steel will be required for major infrastructure projects over the next decade for projects such as schools, hospitals, flood protection works and transport. UK Steel estimates that in addition to direct Government spend, renewable energy presents a huge opportunity for steel. Between 2026 and 2050 the UK offshore wind pipeline will require between 20 and 25 million tonnes of steel. This represents a potential £21 billion market for UK steel over the coming decades.

Public procurement reform must therefore sit at the heart of any forthcoming Government Steel Strategy - directing UK-made steel into projects across defence, energy, housing, and the wider built environment. It is both logical and economically sound that steel produced domestically, and supported by UK taxpayer investment, is prioritised for use in domestic projects.

UK demand and domestic share of steel mill products 2014-2024



However, the share of UK-made steel used to meet UK steel demand, continues to decline - falling from 45% in 2022 to just 30% in 2024. This trend is unsustainable and is being driven by underpriced imports which benefit from unfair advantages such as lower energy costs and market-distorting subsidies. If this decline is not urgently reversed, the long-term viability of the UK steel sector will be at risk.

We therefore welcome the updated Public Procurement Note for Steel and the introduction of the UK Steel Digital Catalogue for public sector bodies and tier one contractors. This is a positive first step - but must be part of a broader, systemic change in procurement behaviours across the public sector and wider economy.

To fully seize the opportunity created by increased national infrastructure spending, the Government must work in close partnership with industry and trade unions to understand both the future demand for steel and the sector's capacity to meet it - now and in the future, with the benefit of public investment. At present, the UK steel sector supplies just 30% of the country's domestic demand. This is not only economically inefficient, but represents a strategic vulnerability as recognised by Royal United Services Institute¹. A clear vision is needed for the role steel should play in the UK's economy - and a procurement plan must sit at the heart of the forthcoming Steel Strategy to deliver on that vision.

Without stronger action to increase the use of UK-made steel in public projects, the impact of the Steel Strategy - and the £2.5 billion National Wealth Fund investment - will be undermined. British steelmakers continue to face structural disadvantages due to international competitors receiving state support, operating with lower energy costs, and benefitting from more flexible procurement regimes. These countries exercise far greater discretion in aligning their procurement rules with industrial strategy goals.

Meanwhile, global non-market excess steelmaking capacity remains a critical challenge. In 2023, the gap between global steel production and capacity was estimated at 543 million tonnes - more than 70 times the size of the UK market (global demand was 1778 billion tonnes). China alone is expected to export 100 million tonnes of steel this year, enough to meet the UK's entire steel demand for the next 13 years. When exports of this magnitude previously flooded the market, the consequences for the UK steel sector were devastating: steelworks closed, and thousands of skilled jobs were lost.

UK Steel and its members are committed to ensuring that the Steel Strategy and the reforms outlined in this consultation mark a genuine turning point - a shift towards long-term sustainability, resilience, and growth for our sector. We believe this is achievable, but it will require both a new policy mindset and meaningful reform. Strategic procurement must be one of the core levers through which this vision is delivered.

National Security and Resilience

UK Steel welcomes the consultation's acknowledgement that certain industries - with steel specifically mentioned - may be designated as critical to the UK's national and economic security. This recognition is timely and essential.

International partners are increasingly aligning procurement rules with national interests. The US, EU, Canada and India all use legal exemptions and targeted incentives to promote domestic content, support strategic industries, and drive green growth. The US Inflation Reduction Act, the Build America, Buy America Act, the

¹ RUSI Report 'Use it or Lose it' [Use It or Lose It: The UK Must Decide If It Wants a Steel Industry | Royal United Services Institute](#)

EU Green Deal, and the Net Zero Industry Act all demonstrate how procurement and subsidy rules can be used in ways that are both WTO-compliant and nationally strategic.

The UK must not be left behind. While current restrictions in WTO rules, the UK-EU Trade and Cooperation Agreement, and the Subsidy Control Act limit overt ring-fencing of public contracts, Article XXI of the WTO Treaty provides a national security exemption that could be applied more boldly. This would allow the UK to mandate or incentivise the use of domestically produced steel in critical areas such as energy, defence and infrastructure - especially where public funding or subsidy is involved.

The COVID-19 pandemic and recent geopolitical instability have underlined the importance of secure, sovereign supply chains. The steel industry plays a foundational role in ensuring the UK's resilience and strategic autonomy.

Although this consultation does not explicitly invite views on national security exemptions, we urge the Government to consider this as part of the wider procurement reform agenda. Using existing legal levers - including those in the Procurement Act and WTO frameworks - the Government should take steps to ensure UK-made steel is prioritised in public procurement wherever security, resilience, and strategic infrastructure are at stake. UK Steel and our members would welcome targeted discussions with the Government on this issue

Questions and Answers

QUESTION 1a: To what extent do you agree or disagree that mandating large contracting authorities with spend over £100m p.a. to set 3-year targets for their procurement spend with SMEs and VCSEs and publish annual progress against these targets, would help increase spend with SMEs and VCSEs?

Disagree.

QUESTION 1b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

While we support the objective of ensuring that public procurement benefits the UK economy and fosters a diverse and resilient industrial base, we do not believe that setting mandatory spending targets specifically for SMEs and VCSEs is the most effective mechanism to achieve this goal. The current focus on company size risks missing the broader issue: the need to retain and maximise value within the UK economy across entire supply chains, including large strategic manufacturers such as UK steel producers.

The steel industry is a vital part of the UK's industrial ecosystem, supporting tens of thousands of jobs directly and indirectly. While many steel producers fall outside the SME definition, they anchor extensive domestic supply chains - including numerous SMEs involved in fabrication, processing, and logistics. Focusing procurement policy too narrowly on SMEs risks sidelining key parts of the supply chain that generate significant economic value, invest heavily in training and decarbonisation, and contribute materially to national productivity and security.

A more effective and inclusive approach would be to assess the domestic economic impact of supply chains as a whole - regardless of company size. This would ensure that public procurement supports UK-based activity at all stages of production, rather than incentivising smaller entities without considering the strategic

role of larger manufacturers. Encouraging UK value retention, skills development, and industrial resilience should be the ultimate aim, not simply meeting an arbitrary SME quota.

We therefore recommend that procurement reforms shift from a size-based targeting model to one that promotes UK added economic value, supporting both SMEs and large manufacturers in creating sustainable, long-term benefits for the UK economy.

Question 3a: To what extent do you agree or disagree that suppliers should only be appointed to a framework or DPS if they can demonstrate they pay their supply chain promptly?

Disagree.

Question 3b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

While prompt payment is an important objective, applying a blanket requirement risks unfairly penalising large, capital-intensive industries like steelmaking, which often operate on complex payment structures due to the scale and nature of their operations. UK steel producers manage large volumes, long production lead times, and bespoke project-based contracts - factors that make rigid prompt payment criteria difficult to implement without disrupting commercial terms or creating cashflow inefficiencies elsewhere in the supply chain.

Moreover, major UK steel firms already have strong governance frameworks in place for supplier relationships, including sector-specific agreements with key supply chain partners. Imposing additional procurement-related compliance requirements risks reducing competition and discouraging participation from strategic UK suppliers. A more flexible, proportionate approach - recognising sector-specific realities - would better serve the policy goal of supporting SMEs, while ensuring continued access to domestically produced steel.

Question 7a: To what extent do you agree or disagree that giving contracting authorities flexibility to apply the most appropriate type of assessment criteria would help deliver the policy aims?

Agree, provided this flexibility does not undermine transparency or disadvantage UK steelmakers in competing for contracts.

Question 7b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

We support greater flexibility for contracting authorities to use the most appropriate assessment criteria, as this can help deliver broader policy goals such as supporting UK industry and strengthening supply chains. However, it is vital that such flexibility does not come at the expense of clear accountability, transparency, or a level playing field. Criteria must be applied consistently and fairly to ensure UK steel producers can compete on merit - particularly when public funds have been invested in the sector's transition and growth.

QUESTION 8a: To what extent do you agree or disagree that requiring authorities to set an award criteria which relates to the quality of the supplier's contribution to jobs, opportunities or skills for all public contracts over £5m and with a minimum evaluation weighting of 10%, will help to deliver social value that supports economic growth?

Agree

QUESTION 8b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

UK Steel strongly supports the proposal to require contracting authorities to include a minimum 10% weighting for social value in major public procurements. This measure is a practical and meaningful way to align public spending with national economic and industrial goals. For the UK steel industry, this approach would help ensure that contracts deliver not just goods and services, but also long-term economic value in terms of jobs, skills, and regional investment.

Steelmaking is foundational to the UK economy and supports tens of thousands of high-skilled jobs across regions that are in need of investment. By placing a clear value on social contributions, such as employment opportunities, apprenticeships, or local supply chain development, procurement decisions will increasingly favour companies that invest in the UK and its people. This policy would incentivise companies bidding for public contracts to create or maintain good-quality jobs, particularly in industrial sectors like steel.

Furthermore, the certainty created by a mandatory social value weighting would allow UK steelmakers to plan longer-term investment in training, capacity, and innovation. It would help to create a more resilient domestic supply chain and contributes to national economic security.

Question 9a: To what extent do you agree or disagree that, where authorities have set social value award criteria relating to jobs or skills, mandating that they also set at least one KPI on social value delivery, and subsequently report performance against a social value KPI (published in the contract performance notice), will support transparency of progress against social value commitments?

Agree

QUESTION 9b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

We fully support the introduction of at least one mandatory social value KPI for in-scope contracts and the requirement to report performance against it. This will be a critical step in ensuring that social value commitments are not only promised during the tendering process but are also delivered in practice. From a UK Steel perspective, requiring measurable KPIs - such as the number of training hours delivered, apprenticeships supported, or proportion of local content used - will help to ensure that bidders follow through on their obligations. It will also drive better outcomes for workers, suppliers, and communities. Transparent reporting builds public and industry confidence in the procurement system and helps to maintain a level playing field. Companies that meet or exceed their social value obligations should be recognised and rewarded in future procurement decisions. For steel, this could help strengthen trust in domestic producers and support long-term investment in the sector.

Question 10a: To what extent do you agree or disagree that requiring contracting authorities to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector and suppliers) in their procurement of public contracts will help to deliver social value in a proportionate manner.

Agree.

QUESTION 10b: If you wish to explain why you do or do not agree that the proposed measure reflects or delivers the policy intent described above, please do so here.

We agree. Standardising the approach to social value evaluation in tenders is essential for delivering consistent, transparent, and impactful outcomes. For steel producers, particularly SMEs within our supply chain, simplification reduces the complexity and cost of participating in public procurement.

Having a co-designed list of standard social value metrics will enable companies to develop repeatable, well-understood strategies for delivering social value. It helps create certainty and reduces the administrative burden on both suppliers and contracting authorities. Importantly, it also ensures consistency in how social value is measured and compared between bids, which supports fairer competition.

A standardised approach also encourages more meaningful engagement with social value, as businesses can align their operations with known expectations and build capacity to deliver over the long term. For UK steel, this would facilitate greater participation in public contracts, supporting both industry growth and regional economic development.

QUESTION 11a: To what extent do you agree or disagree that contracting authorities should be permitted to define the geographical location of where social value will be delivered as described above? Do you have any suggestions for innovative ways of delivering social value including by creating more flexibility in the current requirements in the Act on relevance and proportionality?

We strongly agree with allowing contracting authorities to specify the geographic area where social value should be delivered. This flexibility ensures that the benefits of procurement reach the communities and regions that need them most - many of which are home to the UK's steelmaking industry.

Targeted social value can help regenerate areas where steel is a key employer, supporting not only job creation but also wider economic activity in local supply chains, training providers, and infrastructure. It also ensures that social value is not diluted by being delivered far from the area where the public money is being spent.

Additionally, we urge the Government to consider introducing a minimum 30% local content requirement in relevant public contracts. This would ensure that a significant portion of the economic value generated by public procurement is retained within the UK. Such a policy would directly support British steelmakers and manufacturers, helping to maintain and grow domestic industrial capacity.

A local content requirement would also contribute to the UK's net-zero goals by reducing the carbon footprint of procurement activities through shorter supply chains and lower transport emissions. Combined with geographic targeting of social value, this would represent a powerful, joined-up approach to economic growth, industrial resilience, and sustainability.

Conclusion

With at least 7 million tonnes of publicly procured steel identified in the government's own pipeline, there is a huge opportunity for procurement decisions to positively benefit our industry. This pipeline of steel is worth a potential £648 million pounds over the coming decade – a potential boon to British steelmakers, their suppliers and their supply chain. And this is without the addition of offshore wind and those forthcoming government tenders whose value has not yet been finalised. The potential is enhanced more if the Government's Steel Fund invests in capability gaps, expanding the product range available in the UK even further.

The UK Government's commitment to using public procurement as a lever to grow British industry, jobs, and skills is therefore welcome and timely. Nowhere is this more critical - or more urgent - than in the UK steel sector. With the Government investing up to £2.5 billion through the National Wealth Fund and preparing a comprehensive Steel Strategy, procurement reform must work hand-in-hand with industrial policy to deliver maximum economic and social value.

As our response highlights, strategic and transparent procurement can help reverse the long-term decline in domestic steel usage, strengthen national resilience, and support tens of thousands of skilled jobs across the country. But to be effective, reforms must take into account the structure and needs of the steel supply chain - from major producers to the many SMEs that provide essential downstream services and regional economic value.

We support proposals that encourage SME participation as part of the wider supply chain including major steel producers, social value weighting, and geographic targeting. However, it is essential that new procurement rules remain proportionate, preserve fair competition, and reflect the realities of large-scale industrial production. Measures such as prompt payment criteria, assessment flexibility, or social value metrics must be implemented in ways that do not exclude or unfairly disadvantage strategically vital industries like steel.

Finally, national security and supply chain resilience must be recognised as central pillars of procurement policy. The UK must keep pace with international competitors that are using procurement to protect and grow their domestic industries. Existing legal tools - such as Article XXI of the WTO - should be used decisively to ensure the UK's strategic industries, including steel, are supported, not sidelined. We would urge the government to include steel in any plans for such protections and would welcome further conversations with Ministers on this issue, as it is not formally covered in this consultation.

Public procurement must become a driver of domestic industrial strength through value - not just a route to lowest-cost delivery. If implemented with ambition, clarity and fairness, the reforms proposed in this consultation can mark a turning point for the UK steel sector - delivering growth, investment, and security for decades to come.

For further information, contact:

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