Rt Hon. Louise Haigh MP
First Secretary of State and Chancellor of the Duchy of Lancaster
Cabinet Office 70 Whitehall London
SW1A 2AS

Simon Hoare MP
Chair, Public Administration and Constitutional Affairs Committee

Sir Geoffrey Clifton-Brown MP
Chair, Public Accounts Committee

30 September 2026

Dear Simon and Sir Geoffrey,

I am writing to inform your Committees of a number of public procurement reforms I announced over the weekend. These measures build directly upon our commitments to use public procurement as a strategic lever to back British industry, re-industrialise Britain and ensure every pound of the £400bn annual public procurement spend supports economic growth.

Central Insourcing Unit
To support our commitment to deliver the biggest wave of insourcing in a generation, the Office for the Prime Minister and Cabinet is establishing a dedicated central Insourcing Unit. This unit will serve as a Centre of Excellence as we move towards the introduction of the Public Interest Test in April 2027, when central government departments and arm's length bodies will begin to assess whether service contracts valued above £1 million could be better delivered in-house. Furthermore, the Insourcing Unit will coordinate departmental five-year Insourcing Strategies, assist in unblocking practical delivery barriers and identify cross-government opportunities to maximise value for money and restore direct operational accountability.

Cross-Government Ship Procurement and the National Shipbuilding Office (NSO)
To streamline vessel procurement and support sovereign UK shipbuilding capabilities, responsibility for cross-government ship procurement and maintenance will be centralised under the National Shipbuilding Office (NSO) based in the Ministry of Defence. The NSO will exercise oversight across vessel acquisitions, aggregating demand across departments and running streamlined commercial frameworks. Full details and timelines will be formally published in the upcoming Shipbuilding and Marine Technology Action Plan later this autumn.

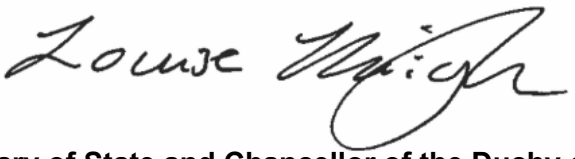
Backing British jobs and skills through procurement by private utilities
The Government is clear that private utility companies operating under special or exclusive rights (such as energy infrastructure, water, and transport networks) must use their substantial purchasing power to support good British jobs and skills opportunities in

manufacturing. We expect these private utilities to follow central government's lead and apply social value criteria in their procurements.

Together, these reforms will ensure public spending actively backs British industry, strengthens supply chains, and supports growth in every postcode.

I will deposit a copy of this letter in the Library of each House.

Yours sincerely,



First Secretary of State and Chancellor of the Duchy of Lancaster