



Cabinet Office



Ministry of Housing,  
Communities &  
Local Government

**Chris Ward MP**  
Parliamentary Secretary (Cabinet Office)

**Alison McGovern MP**  
Minister of State for Local Government and  
Homelessness

*To: Council Leaders in England*  
*Cc: Council Chief Executives in England*  
*By email*

3 December 2025

Dear Leader,

**Local Government (Exclusion of Non-commercial Considerations) (England)  
Order 2026**

I am delighted to advise you that legislation that will give local government in England (including mayoral strategic authorities, police authorities and fire authorities) new flexibility when buying goods, works and services, has been laid in Parliament.

The Local Government (Exclusion of Non-commercial Considerations) (England) Order 2026 was laid in draft on the 2 December and, following debates and the approval of Parliament, is expected to come into force in early 2026. Designed to boost the local and UK economy, it will give local authorities in England the option to reserve competitions for lower-value, 'below-threshold' contracts to local or UK businesses only.

'Below-threshold' contracts are those worth less than £214,904 for goods or services, or under £5,372,609 for building work (for local government). Even though they are lower value, they make up nearly two-thirds of the total number of contracts awarded locally and have accounted for over one billion pounds of local spending in England since February.

When developing the legislation, the Government has heard the concerns raised by authorities in the consultation on an earlier policy proposed by the previous government. That proposal was to reserve below-threshold competitions to suppliers based in a single county or borough and was just too restrictive. Indeed for combined authorities it was unworkable.

We have listened. This new legislation will give local authorities the flexibility they need. It allows an authority or multiple authorities, when running a competition for a below-threshold contract, to reserve bidding to suppliers based within the UK or local area. To provide that flexibility, the local area can include the area of the authority (or

authorities) running the competition, or that area plus any county or London borough that borders it.

As the guidance (which accompanies the legislation and is on [GOV.UK](https://www.gov.uk)) explains, authorities can already choose to reserve these competitions just for Small and Medium Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs). They can still do this, either on its own or together with the UK or local area reservation in the new legislation.

This legislation places local authorities on a more equal footing with central government departments which have access to a similar flexibility.

The Cabinet Office has worked in tandem with the Ministry of Housing, Communities and Local Government on this legislation and I am pleased it has now been introduced to Parliament.

Yours ever,

A handwritten signature in blue ink, appearing to read 'Chris Ward', with a long horizontal flourish underneath.

**CHRIS WARD MP**

Parliamentary Secretary (Cabinet  
Office)

A handwritten signature in blue ink, appearing to read 'Alison McGovern', with a long horizontal flourish underneath.

**ALISON MCGOVERN MP**

Minister of State for Local Government  
and Homelessness