

PUBLIC PROCUREMENT

Procurement contract thresholds effective 01 January 2022

The UK Government has revised its public procurement contract value thresholds effective from 1 January 2022. The new thresholds will apply to in-scope contracting authorities across the UK, including in Northern Ireland.

The Government has accordingly revised its thresholds in line with GPA practice and has given effect to the new figures by way of the Public Procurement (Agreement on Government Procurement) (Thresholds) (Amendment) Regulations 2021 (SI 2021/1221), summarised in [Procurement Policy Note 10/21](#).

Inclusion of VAT

One important difference that will be relevant to all contracting authorities and utilities is that contract value estimates must now include an allowance for VAT (currently 20%) in respect of all thresholds, regardless of whether VAT may be recoverable at a later stage. This is a notable change in approach as contract values were estimated net of VAT under the previous rules, therefore while the new thresholds may appear at first glance to be higher than before, they are in each case lower if the allowance for VAT is deducted.

As a result, more contracts are likely to fall within the statutory regime and extra diligence will be required to ensure that all estimates going forward are reflective of the changes.

PREVIOUS AND REVISED CONTRACT VALUE THRESHOLDS

Type of Contract	Previous Thresholds (VAT excluded)	New Thresholds from 1 January 2022 (including VAT)
Contracts subject to Public Contracts Regulations 2015		
Supplies and services (awarded by Central Government bodies)	£122,976	£138,760
Supplies and services (awarded by sub-central contracting authorities)	£189,330	£213,477
Subsidised services contracts	£189,330	£213,477
Works (including subsidised works contracts)	£4,733,252	£5,336,937
Light Touch Regime for Services	£663,540	£663,540
Small lots (supplies and services)	£70,778	£70,778
Small lots (works)	£884,720	£884,720
Contracts subject to Utilities Contracts Regulations 2016		
Supplies and services	£378,660	£426,955
Works	£4,733,252	£5,336,937
Small lots (supplies and services)	£70,778	£70,778
Small lots (works)	£884,720	£884,720
Contracts subject to the Concession Contracts Regulations 2016		
Concession (works or services)	£4,733,252	£5,336,937
Contracts subject to Defence and Security Public Contracts Regulations 2011		
Supplies and services	£378,660	£426,955
Works	£4,733,252	£5,336,937
Small lots (supplies and services)	£70,778	£70,778
Small lots (works)	£884,720	£884,720

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