The Official Defence Intelligence Partner

UK Defence Procurement 2026

The £65 Billion Opportunity

Foreword

UK Defence Procurement 2026: The £65 Billion Opportunity

The UK defence sector is undergoing its most significant structural transformation in a generation. Driven by geopolitical instability, the largest sustained increase in UK defence spending since the Cold War, and sweeping procurement reform under the Procurement Act 2023, the market in 2026 is one of extraordinary opportunity — and intensifying competition.

This report brings together the most current market data, procurement intelligence, and strategic insight to help defence suppliers understand where the opportunity lies, how the landscape is shifting, and what it takes to win in this new environment.

Whether you are an established prime, an ambitious SME, or a first-time entrant, the intelligence in these pages will help you act earlier, position smarter, and compete with confidence.

The Macro Context: A Once-in-a-Generation Shift

The UK has set a target of £65 billion in defence spending — up from £54 billion this year — making this the largest sustained increase in defence investment since the Cold War. This is not a cyclical stimulus. It is a direct and permanent structural response to the most unstable geopolitical environment in a generation. Three converging forces are reshaping the market for good.

Core defence spending is committed to reach 3.5% of GDP by 2035 in line with the NATO summit declaration, with a 5% aspiration by that date including broader security expenditure.

For context, the MOD now holds the largest capital budget of any UK government department. This is the highest level of procurement spending on record, and the pipeline shows no signs of slowing.

> "Defence Secretary John Healey has confirmed the UK will spend 3% of GDP on defence in the next Parliament. This is not an ambition — it is a firm commitment."

Grahame Steed,
Director Public Policy and Research,
BIP Solutions

Three Forces Reshaping the Market

Geopolitical Instability

Ongoing conflict in Ukraine, NATO realignment, and broader strategic tensions across Europe and Asia are accelerating UK capability requirements at pace. The UK has committed multi-year military equipment loans to Ukraine, and European defence spending's share of global military expenditure has risen to 21%, up from 17% in 2022.

NATO First Posture

The UK is explicitly positioning its defence investment within a broader European and NATO security framework. This is driving up interoperability requirements, cross-border collaboration and a push toward collective capability development — opening new commercial opportunities for agile suppliers.

Industrial Resilience

The UK Government has publicly acknowledged that domestic supply chain depth is insufficient for future demand. Decades of decline have hollowed out domestic capacity. The Defence Minister has confirmed the government is actively seeking to reverse this through new munitions factories, SME pathways and the forthcoming Defence Investment Plan.

The Numbers That Define the Market

DCI's analysis of the UK defence procurement landscape reveals a market of extraordinary scale — and one that is becoming more accessible, more complex and more competitive simultaneously.

£164.7bn
Combined value of contract notices published in 2025

1,550
Contract awards made to suppliers

£35.1bn
Total value of contract awards in 2025

51
Active defence buyers in the market

1,114
Contract notices published across the defence sector

20.9
Suppliers per buyer — up from 19.45 in 2024

Sector Highlights: Where Growth Is Concentrated

The scale of growth is not uniform. Specific sectors are experiencing explosive value uplift that signals where the MOD's priorities truly lie:

Professional Services

Value up £100 billion in 2025 — driven by advisory, management and consultancy contracts across defence modernisation.

Infrastructure & Construction

Value up £105 billion across 523 contracts, including the 40,000 military homes earmarked for upgrade over the next decade.

Energy & Environment

Contracts increased 49% in 2025, reflecting the MOD's drive toward energy resilience and sustainability in military operations.

Technology & Communications

Value up £25 billion, underpinned by the £180 million Digital Decision Accelerators for Defence (DDAD) Open Framework and an accelerating cyber capability agenda.

Avg. Contract Size

Approximately £210 million per contract — a figure that underscores the scale of individual opportunities and the long-term commitments being made.

The Procurement Act 2023: A Structural Advantage for the Proactive

The UK's Procurement Act 2023 went live on 24 February 2025. In the year since, 967 notices and awards have been published under the new legislation within the defence buyer sector, with around 16 buyers already publishing under the new framework. For suppliers who understand it, the Act creates a decisive competitive window.

Suppliers relying solely on tender alerts are now structurally disadvantaged. The competitive window has moved earlier — and so must you.

The New Pipeline Landscape

Under the new Act, the competitive dynamic has fundamentally shifted. Previously, tender publication was the first signal. Now, pipeline notices give suppliers 40–60 days of advance visibility before formal procurement launches. The early window — between notice and tender — is where the real competition is won.

309
UK1 Pipeline Notices published (32%), combined value £51.8bn

134
UK4 Tender Notices (14%) — combined value £19.6bn

201
UK2 Preliminary Market Engagement notices (21%) — combined value £44.1bn

109
UK7 Signed Contract Details published

Between UK1 publication and formal tender, forward-thinking suppliers can clarify requirements, influence specification, form strategic partnerships, refine technical positioning and shape buyer perception. This intelligence-led approach is no longer a competitive differentiator — it is a prerequisite.

Expiring Awards: The £2.18 Billion Opportunity Pipeline

One of the most immediately actionable datasets in the UK defence market is DCI's analysis of contracts approaching expiry. Our database identifies approximately 864 defence buyer awards potentially expiring in the next 12 months, with a combined value of approximately £2.18 billion. These are not future prospects — they are imminent re-procurement events..

General

£188.2 million
108 awards
across miscellaneous categories.

Infrastructure & Construction

£817.7 million
highest expiring value across 140 contracts, reflecting the ongoing military housing and estate upgrade programme.

Professional Services

£493.5 million
201 awards
reflecting a high volume of smaller, specialist contracts.

Defence

£271.5 million
30 awards
high average value of £9.1m per award.

Renewals are rarely neutral events. They are inflection points. Every expiring award represents a buyer who must re-procure — and a decision-maker who is actively evaluating options. DCI allows suppliers to identify these windows early, assess incumbent vulnerability, and engage before the formal process begins.

Frameworks: The Hidden Gateway

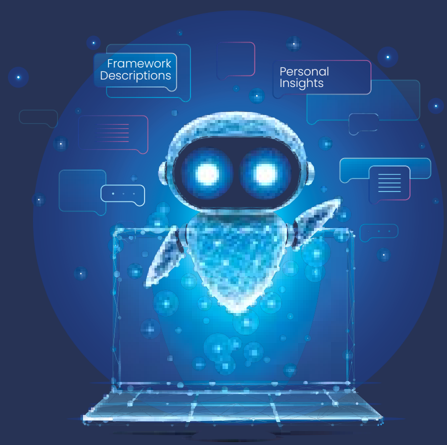
Alongside individual awards, 125 defence buyer frameworks are potentially expiring in the next 12 months, with a combined value of £297 million. Framework contracts currently represent 14.49% of all defence buyer contracts published, yet only 5.8% of total notice value — indicating they are most relevant for SMEs and mid-tier suppliers pursuing targeted, higher-probability opportunities.

Crucially, 20.7% of suppliers currently have access to these frameworks. For those outside, upcoming re-procurements present a critical entry window.

Aria Intelligence is DCI's AI-powered framework assistant

Delivering instant, personalised insights that help public sector suppliers identify the right opportunities and win more contracts.

POWERED BY
Aria Intelligence



Instead of hours of research, you get:

- **Instant framework clarity**
  AI-generated, supplier-focused descriptions covering scope, lots, timelines, and commercial structure
- **Personalised opportunity assessment**
  Insights aligned to your capabilities, procurement history, and strategic goals
- **Actionable next steps**
  Clear guidance on how to position yourself strategically, what to prepare, and how to maximise your win rate

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The Strategic Defence Review in Practice

The Strategic Defence Review (SDR) is not strategy on paper. It is actively directing procurement priorities and shaping live pipelines right now. Suppliers who understand its themes and align their propositions accordingly will find themselves in the right conversations before formal competition begins.

SDR Priority Areas for Suppliers

- **Autonomous systems and uncrewed platforms across land, sea and air domains**
- **Cyber security, information operations and digital decision-making capability**
- **Predictive logistics and supply chain resilience**
- **Rapid capability development and technology demonstrator programmes**
- **Energy resilience and net-zero compatible military infrastructure**
- **Interoperability with NATO allies and European partners**

DE&S alone is planning £12.86 billion in contract releases in 2026. Two contracts are particularly significant: the Naval Support Integrated Global Network (NSIGN), valued at £7.89 billion over 10 years, scheduled for September 2026; and the Defence Test & Evaluation Services (Future) Contract, valued at £4.5 billion over 15 years, launching January 2026. These mega-contracts will anchor supplier relationships for a decade

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The 'Buy British' Imperative and the SME Opportunity

The Defence Industrial Strategy is explicit: UK capability is prioritised. Procurement decisions actively favour UK-based suppliers where capability and value are comparable. Regional presence, domestic supply chains and demonstrable UK investment are now formal competitive advantages — not just nice-to-haves.

SME Access Is Expanding

The MOD's Defence Office for Small Business Growth has committed to a 50% increase in direct spending with SMEs, backed by a dedicated SME Commercial Pathway. Innovation funding routes — including DASA competitions, Small Business Research Initiatives and direct innovation contracts — create entry points that bypass traditional competitive frameworks entirely.

The formation of five regional defence growth deals signals geographic decentralisation of spend. Around 70% of defence industry jobs are already located outside London and the South East, concentrated in the West Midlands, South West and North East — areas with strong manufacturing traditions and growing regional cluster partnerships.

Geographic positioning, regional employment impact and UK supply chain credentials are becoming measurable competitive advantages in bid evaluation.

The Access Routes Have Multiplied

- **Direct MOD procurement via UK1/UK2 pipeline notices**
- **Prime contractor subcontracting and partnership arrangements**
- **Framework participation — particularly for recurring service categories**
- **Innovation pathways: DASA, SBRI and direct innovation contracts**
- **Regional cluster partnerships and growth deal participation**
- **SME Commercial Pathway for direct engagement with defence buyers**

Competitive Intensity: Precision Wins

The rise in suppliers per buyer — from 19.45 in 2024 to 20.9 in 2025 — signals that the market is attracting more entrants precisely as budgets expand. More competition for each award, across a more complex procurement landscape, means that volume bidding is a losing strategy.

The suppliers winning in this environment share three characteristics: they qualify opportunities rigorously before committing resources, they engage buyers early through pipeline intelligence rather than at tender stage, and they invest in systematic market intelligence that tells them not just what is available — but what is genuinely winnable.

Growth Strategy vs Protection Strategy

Sophisticated suppliers now operate on two simultaneous tracks:

Growth Track

Map capabilities to SDR themes. Engage via UK1/UK2 pipeline notices. Monitor innovation funding windows. Target expiring awards and frameworks proactively.

Protection Track

Monitor adjacent contract activity. Track competitor movements and framework access. Identify risk to existing positions. Maintain active buyer dialogue between contract cycles.

The Role of AI: Inside Defence and Inside Procurement

Artificial intelligence is transforming the defence sector on two parallel tracks — and both matter to suppliers operating in this market.

AI in Defence Capability

The MOD is actively procuring AI-enabled solutions across autonomous systems, cyber defence, predictive logistics and decision intelligence. The £180 million DDAD Open Framework signals this is not a future pipeline — it is today's procurement reality. Suppliers with genuine AI and data capabilities should be engaging with these opportunities now.

AI in Procurement Intelligence

At DCI, our AI-powered platform Aria Intelligence transforms public procurement data into clear, actionable insight. From automated contract summaries to strategic fit analysis and real-time competitor intelligence, Aria allows suppliers to instantly assess whether an opportunity aligns with their capabilities — without hours of manual research. In a market where the competitive window is narrowing and the notice-to-tender timeline is compressing, AI-enabled procurement intelligence is no longer optional. It is the difference between acting early and reacting late.

"Aria Intelligence: instant strategic fit analysis, personalised opportunity alerts and competitive intelligence — built for the pace of today's defence market."

Grahame Steed, Director Public Policy and Research, BIP Solutions.

The DCI Advantage: See Further, Act Earlier, Win More

Defence Contracts International (DCI) is the UK's leading defence procurement intelligence platform, purpose-built for suppliers of every size operating in this market. DCI aggregates, analyses and delivers the intelligence that drives competitive advantage — from pipeline notices and expiring awards to competitor tracking, framework analysis and AI-powered opportunity qualification.

What DCI Delivers

Pipeline Visibility

Comprehensive monitoring of UK1, UK2 and UK4 notices across all 51 defence buyers. Never miss a procurement window — see the market before the competition does.

Expiry Intelligence

Real-time tracking of 864+ expiring awards and 125 frameworks totalling over £3.1 billion. Identify re-procurement opportunities at the earliest possible stage.

With NEW Aria Intelligence

Instant strategic fit scoring, AI-generated contract summaries and personalised opportunity alerts tailored to your capabilities — delivered at the moment decisions need to be made.

Competitor Intelligence

Track incumbent suppliers, monitor competitor activity and understand the landscape you are bidding into — with data-backed insights rather than guesswork.

Market Analytics

Sector-level spend analysis, buyer behaviour tracking and framework access data — giving you the macro context and the micro intelligence to prioritise ruthlessly.

Proud to Sponsor DPRTE

As the official intelligence partner, DCI enables you to identify the right buyers to engage with and prioritise the most valuable conversations—before the competition even starts.

The 2026 Supplier Playbook

The opportunity in the UK defence market in 2026 is real, substantial and sustained. The defence budget is growing at its fastest pace in decades. Procurement reform has opened new windows of early engagement. SME access is expanding by deliberate policy. And the Defence Investment Plan — when published — will unlock a further wave of structured procurement activity.

But the market rewards preparation, not reaction. Here is what the suppliers who will win in 2026 are doing right now:

1. **Tracking pipeline notices systematically — engaging at UK1 stage, not UK4**
2. **Monitoring expiring awards and frameworks as an active business development function**
3. **Aligning propositions explicitly to SDR and Defence Industrial Strategy priorities**
4. **Demonstrating UK footprint, regional contribution and supply chain resilience**
5. **Pursuing innovation funding routes — DASA, SBRI and direct innovation contracts**
6. **Investing in intelligence capability — using DCI and Aria to qualify, prioritise and act**
7. **Engaging buyers in person — at DPRTE, at industry days and through pre-market engagement**
8. **Protecting existing contracts actively — monitoring adjacent activity and maintaining buyer relationships**

The window for positioning is now. The suppliers winning in 2026 are preparing today — not waiting for the next tender alert dci

The Official Defence Intelligence Partner for DPRTE

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