



Central Government market trends update

December 2019



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Introduction

Central government is a diverse market, both in terms of its requirements and its geographical spread. Work is available throughout the UK in almost every conceivable industry as central government seeks to deliver improved public services, boost efficiencies and drive better value for money. In this report, we consider only those contracts with a stated value of over £100,000 issued by buyers in the United Kingdom in the last twelve months.

At BiP Solutions, we have spent 35 years bringing buyers and suppliers together. Over 250,000 private sector businesses in the UK alone, including 20% of companies listed on the FTSE 100 Index, rely on BiP's expertise to help them grow. We offer a number of innovative solutions to support you through all stages of your procurement journey. This includes our market intelligence solution, [Tracker](#), which offers the largest public sector tenders and awards database in Europe, including countless central government opportunities. Tracker delivers private and public sector contract opportunities and awards, market intelligence, spend analysis and market leads at the click of a button.

We also bring buyers and suppliers together at a series of high-profile events. Our programme of Procurex events covers England, Scotland, Wales and Ireland. Each event is focused on supporting the latest public procurement initiatives and objectives relevant to that country through keynote talks, training, networking, exhibition space and supplier engagement opportunities.

In our latest central government report, which follows on from the November issue and forms part of our ongoing BiP Inform series, we take a deep dive into who's spending and where. We look at which suppliers are winning contracts and the buying organisations that are providing current opportunities within this huge marketplace.

This report covers data from October, the most recent month for which full figures are available.

Key highlights for October include:

- In October, the total spend was just over £6bn
- 346 notices were published with a further 399 contracts awarded
- The top spending buyer during October was the Department for Transport (DfT) with a combined awards value of £2.46bn
- The top supplier during October was First Trenitalia West Coast Ltd, which won a single contract with DfT to provide the West Coast Mainline service worth just over £2.15bn
- For the second consecutive month, London awarded the most contracts (110) and was also the top region by total value of awards, largely thanks to the West Coast Mainline award

We hope you will find this report of interest. If you would like to find out more about how BiP Solutions can support you on your procurement journey, please do get in touch via the contact details on the last page of this report.

** All data taken from BiP's Tracker Market Intelligence tool and covers the period 1 to 31 October 2019. All details correct at time of publication.*

Central Government Market Overview

– who is spending and where?

During the month of October, 346 contract notices and 399 contract award notices were published by central government. Although there was a 14.19% increase in the volume of contract notices compared to the 303 published in September, numbers did not match those of August, when 373 notices were published. The volume of awards published, on the other hand, continued the upward trend of the last couple of months. There was a 27.88% increase in the volume of awards published in October compared with the 312 in September.

The September figure had already shown a 17.7% increase compared with the 265 awards published in August. Over the three months, there was a 50.5% increase in the volume of awards published. Total spend in October was just over £6bn, compared with September's £5.35bn, an increase of 12.28%. This figure was still far below August's £14.37bn, though that figure was largely driven by £11.5bn spend by Crown Commercial Service, which was, perhaps, exceptional.

In Figure 1, we list the top ten buyers by combined awards value. The top ten combined awards values ranged from just over £42m to £2.46bn. After three months as the top spending buyer, Crown Commercial Service (CCS) dropped to second place, with the top spot being taken by the Department for Transport (DfT).

The DfT's £2.46bn spend in October was split between 15 awards. The bulk of the spend – just over £2.156bn – came from a single supplier contract for the West Coast Partnership, to run the West Coast Mainline train service. Much of the rest – £300m – came from a framework agreement on which eight suppliers were awarded places to provide freight capacity “in light of disruption events”, the first of which was said to be “expected to be in place as part of government’s contingency planning for a ‘No Deal’ EU Exit on 31.10.2019.” This was the only framework awarded by DfT in October. Of the other 13 contracts awarded, only one was worth more than £2.89m with values going down to £101,917, showing that central government, despite its many high-value, high-profile contracts, also awards contracts with modest values accessible to businesses of all sizes.

For the third consecutive month, the Ministry of Defence (MOD) awarded the most contracts. The MOD awarded 70 contracts in October, a 52.1% increase on the 46 it awarded in September, and 125.8% more than the second placed supplier. For the first time in three months, this second placed supplier was not the Highways Agency but was instead the Ministry of Justice. The Highways Agency fell to fourth place in the top ten, awarding 27 contracts in October compared to 42 in September and 40 in August.

The 70 contracts awarded by the MOD ranged in value from £346.72m to £100,000. The most valuable contract awarded by the MOD went to Rolls-Royce for aircraft engine maintenance. Full details of the contract were redacted on the award notice for security reasons but [Defence Online](#) confirmed that this contract is for maintenance and support for the RAF’s Typhoon fleet. MOD contracts can be explored in more detail on [BiP Solutions’ MOD Defence Contracts Online](#) (MOD DCO) service.

Top 10 Buyers by Combined Awards Value



Figure 1

Top 10 Buyers by Volume of Awards

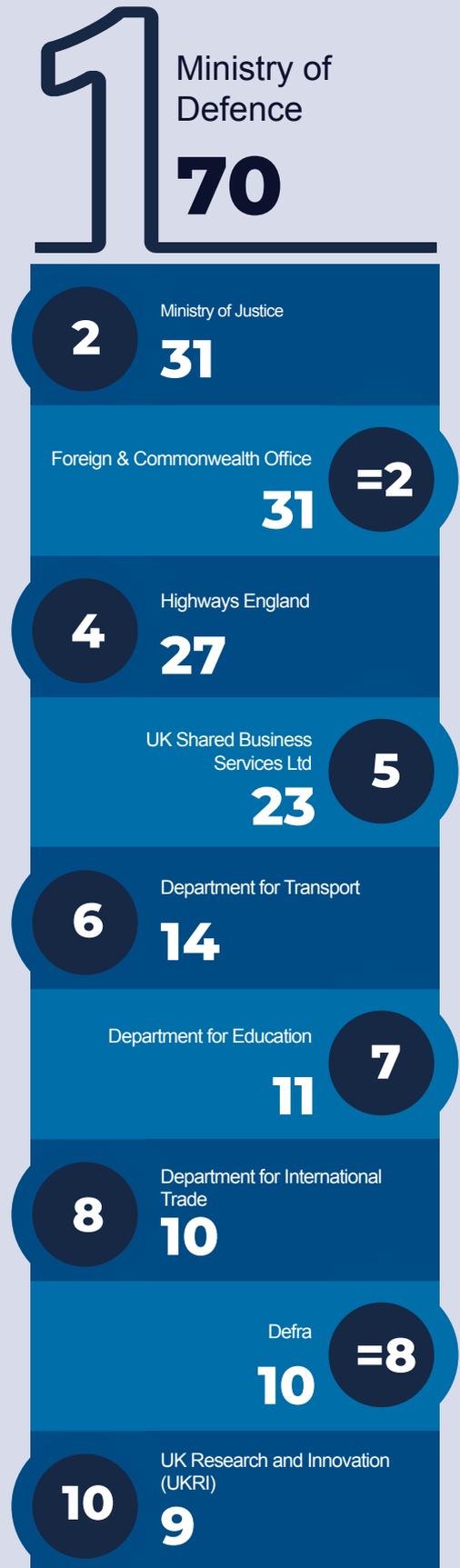


Figure 2

Top 10 Suppliers by Combined Awards Value



Figure 3

Central Government Market Overview

Supplier opportunities

Figure 3 details the top ten suppliers by combined awards value. The list is headed by First Trenitalia West Coast Ltd, which won the contract awarded by the Department for Transport referred to above to run the West Coast Mainline train service. Unusually, First Trenitalia was not alone in gaining a place on the list of the top ten suppliers by value by winning a single contract – in October, the top four suppliers listed in Figure 3 each gained their place in this way. The second placed supplier, Rolls-Royce, won the EJISS contract for aircraft engine maintenance also discussed above; Leidos Innovations UK Ltd won work with the Home Office for IT services connected with the Home Office Biometrics Strategic Central and Bureau Platform; and Hale Hamilton (Valves) Limited won a contract to supply naval valves to the MOD. This kind of win is typical of the image of central government in procurement – awarding single, very high-value contracts.

Contrast this with accounting and professional services firm Deloitte LLP, which won ten contracts in October. Of the suppliers in Figure 4, they were the only one also to appear in Figure 3 as in the top ten by value of awards won, winning work worth a total of £69.84m. Of this total, £60m came from one contract for the provision of Programme Advisory and Delivery Services for ESMCP – the emergency services mobile communications programme. The second most valuable contract won by Deloitte LLP was worth £4.5m, while six were worth less than £1m. Awards such as this, and others such as the low-value awards made by the MOD, show that, as well as large-scale projects, central government makes smaller awards across a variety of sectors, meaning that it is a marketplace worth exploring for suppliers of all sizes.

This point is illustrated by Figure 4. Apart from Deloitte, no supplier won contracts worth more than £16.67m. Life Technologies Ltd, the other supplier to win ten contracts in October, won a single supplier contract worth £4.13m with the Scottish Police Authority for consumables and maintenance for DNA analysis equipment, as well as places on a multiple supplier framework agreement issued by UK Shared Business Services for molecular biology and laboratory chemicals. This framework illustrates both sides of central government procurement: the total value of the framework was £40m but 108 suppliers were awarded places on it, suggesting that the framework is likely to offer opportunities for businesses of all sizes.

Named Suppliers by Number and Combined Value of Awards

Number of Awards	Supplier	Value of Awards (£)	Number of Awards	Supplier	Value of Awards (£)
10	Deloitte LLP	£69,843,139	8	Qiagen Ltd	£2,962,963
10	Life Technologies Ltd	£7,466,367	8	Scientific Laboratory Supplies Ltd	£2,962,963
9	Fisher Scientific UK Ltd	£3,333,333	8	Takara Bio Europe	£2,962,963
9	Sigma Aldrich UK Ltd	£3,333,333	8	Arup	£2,027,357
9	Stratech Scientific Ltd	£3,333,333	8	Atkins	£1,776,889
9	VWR International Ltd	£3,128,363	8	PWS Ireland Ltd	£372,499
8	Canwood Motor Units Limited	£16,670,333	8	Traffic Signs Equipment Ltd	£372,499
8	Promega UK Ltd	£2,962,963			

Figure 4

Regional Overview

Figure 5 shows that central government contracts are awarded by buyers throughout the United Kingdom. For the second month running, London, the traditional location for central government, awarded the most contracts (110), 50.68% more than the region with the second largest number of contracts, the South West – which was in second position for a second consecutive month. Not only is the South West home to one of the major offices of the MOD (the buyer which awarded the highest volume of contracts in October) but it also hosts the offices of UK Shared Business Services, a major provider of services such as HR, payroll and IT to the public sector, UK Research and Innovation and the Highways Agency, all of which were among the top ten buyers by volume of contracts awarded in October.

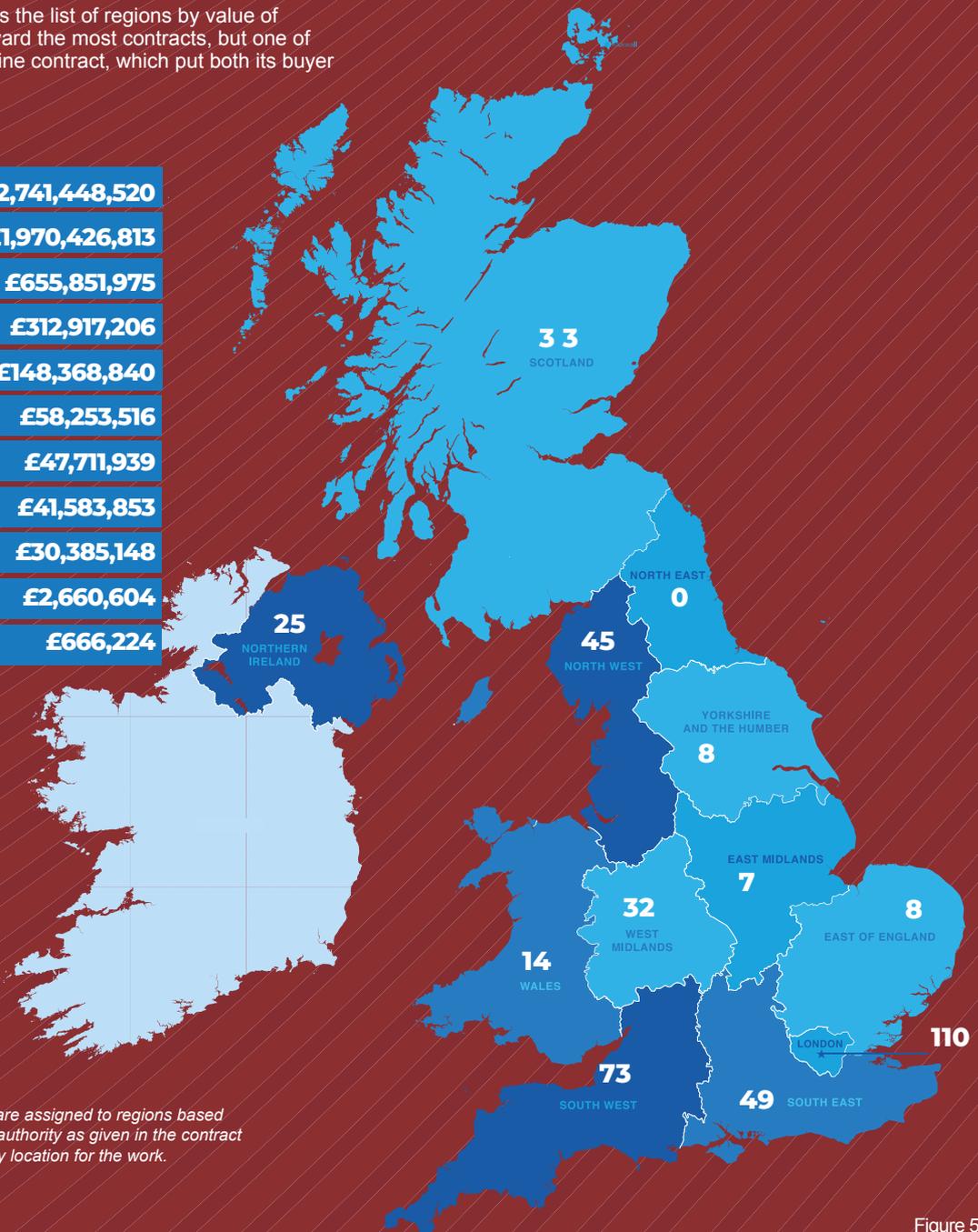
It is worth noting, however, that the relocation of central government out of London to the regions has not meant the relocation of organisations en bloc to a single region. Thus, the 70 Ministry of Defence contracts awarded in October did not come solely from MOD offices in the South West but also from establishments in six other regions. While the MOD awards many highly specialised contracts, other agencies award contracts to do work in the area in which their offices are based, offering opportunities for local businesses to build relationships with buyers and win work with central government.

It is inevitable that London heads the list of regions by value of awards. Not only did London award the most contracts, but one of them was the West Coast Mainline contract, which put both its buyer

and supplier in pole position in terms of value of contracts awarded and won in October.

The North West was elevated into second place in the value list by the second largest contract awarded in October – the £1.57bn pan-government framework agreement for Digital Outcomes and Specialists issued by the Crown Commercial Service’s Liverpool office – and by another CCS framework agreement, this time for public sector vehicle hire, worth £250m. These two contracts together were worth £1.82bn, and accounted for 92.37% of spend in the North West in October. While at first glance these contracts appear vast and inaccessible to all but the largest companies, closer analysis reveals that 3475 suppliers won places on the Digital Outcomes and Specialists framework and that the examples of the type of work involved include “development of online resources to support medieval history teaching in secondary schools” and tasks for individual researchers, developers, web designers etc. This suggests that even such high-value frameworks can be as accessible to businesses of all sizes as, for instance, the other 41 contracts awarded in the North West, 26 of which were worth less than £1m.

London	£2,741,448,520
North West (England)	£1,970,426,813
South West (England)	£655,851,975
Scotland	£312,917,206
West Midlands (England)	£148,368,840
Northern Ireland	£58,253,516
South East (England)	£47,711,939
East of England	£41,583,853
Wales	£30,385,148
Yorkshire and the Humber	£2,660,604
East Midlands (England)	£666,224



*On Figure 5, for consistency, awards are assigned to regions based on the postal address of the awarding authority as given in the contract award notice rather than by the delivery location for the work.

Figure 5

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Procurex

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The programme of Procurex events covers Scotland, England, Wales and Ireland. The next Procurex event is Procurex Wales, officially supported by NPS and Welsh Government, which will take place at the Motorpoint Arena in Cardiff on 18 March 2020.



www.procurexnational.co.uk

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