



Local Government market trends update

December 2019



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Introduction

Local government is a huge and diverse market, as local authorities require everything from vast regeneration projects to personal care for individuals. Contract values range from £1bn to just a few hundred. In this report, we consider only those contracts with a stated value of over £100,000 awarded in the last twelve months. The sector offers the opportunity for procurement professionals to work together with supplying organisations in almost every conceivable sector to support the delivery of public services, boost efficiencies and drive better value for money.

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 local 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 nationwide 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 and supplier engagement opportunities.

In our latest local government report, which follows on from November's issue and is 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:

- Total spend for October was £6,163,163,964, a decrease of 54.29% compared with September
- 625 notices were published with a further 696 contracts awarded. The number of awards rose by 2.8% compared with September but is still 19.35% lower than August's total
- The top spending buyer during October was Brentwood Borough Council, with a single award worth £1bn
- The top supplier during October was Morgan Sindall Group plc. They won £1,010,416,666 of work, the bulk of which came from Brentwood Borough Council's contract mentioned above
- As in September, the region which awarded the most contracts was Yorkshire and the Humber (96)

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 covering the period 1 to 31 October 2019. All details correct at time of publication.*



Local Government Market Overview

– who is spending and where?

During the month of October, 625 contract notices and 696 contract award notices were published by local government. While the number of contract notices has risen by 9.2% from the 572 published in September, the volume of awards shows only a 2.8% increase. The 696 awards published in October are still significantly (19.35%) fewer than the 863 published in August.

Total spend in October was £6,163,163,964, less than half of the £13,484,184,796 spent by local government in September, and approximately £1bn less than August's total of £7.15bn. While September's large total can be accounted for by two awards worth a combined £7bn, the difference in total spend between August and October is probably explicable simply by the reduction in the volume of awards published.

In Figure 1, we list the top ten buyers by combined awards value. The top ten combined awards values ranged from £1bn to £128.23m.

Brentwood Borough Council was the biggest spender with a single contract worth £1bn for procurement of a partner for the Brentwood Asset Development Programme and related framework agreement. This is a 30-year Joint Venture partnership for regeneration and development of council-owned land in the borough. The contract notice was issued in March 2018 but the contract was only concluded on 10 October 2019, which perhaps suggests that the competitive dialogue process was extensive as the council sought the perfect supplier for such a long-term partnership.

Cheshire East Borough Council awarded the most contracts in October. Of the 22 contracts it awarded, all but one was worth less than £250,000. Thirteen had multiple suppliers while nine had a single supplier, leading to a total of 65 suppliers winning work with the council in October worth a total of £5,362,200. This illustrates the importance of local government in providing small-scale opportunities to largely local suppliers, as well as high-value long-term projects such as that envisaged by Brentwood Borough Council. Cheshire East's contracts were for food supply, transport (especially home to school transport), CCTV and printers, in contrast with the highest volumes of awards published by buyers in both August and September, which were largely for social care.

Top 10 Buyers by Combined Awards Value

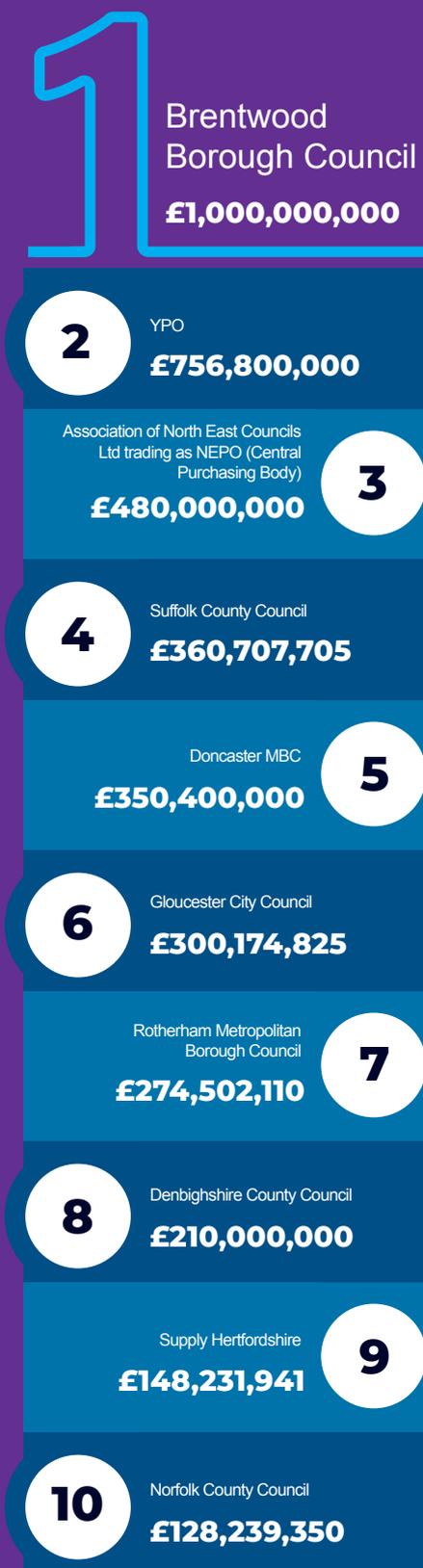


Figure 1

Top 10 Buyers by Volume of Awards

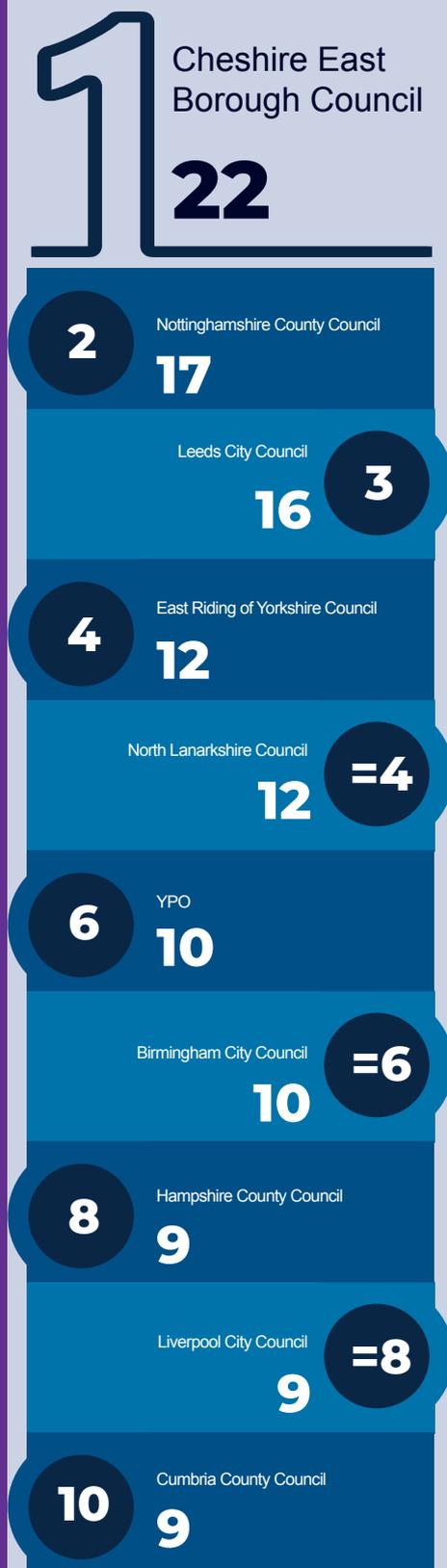


Figure 2

Top 10 Suppliers by Combined Awards Value



Figure 3

Local Government Market Overview

Supplier opportunities

Figure 3 details the top ten suppliers by combined awards value. Heading this list is Morgan Sindall Group plc, which won two contracts: the £1bn contract referred to above from Brentwood Borough Council for a partner for its asset development programme, and a place on a multi-supplier framework for major building and construction work issued by Norfolk County Council.

Not only did this £1bn contract give both buyer and supplier top places in the 'top ten' but, in October, there is a correlation between a single large contract and other positions in the top ten. In second place, and the only other supplier to win work worth more than £140m, is BJL, which won a single-supplier contract for marketing and communications services with Doncaster Metropolitan Borough Council for the 'Get Doncaster Moving' project. This contract not only put its supplier in second place in the top ten by combined awards value but put its buyer in fifth place in Figure 1. The bottom five of the top ten suppliers listed in Figure 3 were the suppliers awarded places on a framework established by NEPO for food and other provisions worth a total of £480m. Again, this contract placed NEPO in third place on the buyers top ten in Figure 1.

In September, eight of the top ten suppliers in Figure 3 won places on a regional construction framework for work to void properties. In October, three of the top four suppliers (Morgan Sindall, Mears and Engie Regeneration) won contracts for regeneration, property development and property maintenance. This suggests a potential trend in local government spend with authorities looking to improve and maintain their properties and to develop and regenerate their land holdings.

Figure 4 shows the top ten suppliers by volume of awards won. Suffolk-based Opus People Solutions, a company specialising in temporary, interim and permanent recruitment for local authorities, stands out with 149 awards, which came through winning multiple lots on three multi-supplier awards. Although Opus People Solutions won so many contracts, their total value was £5,379,099, showing that businesses can build up value by winning multiple small lots or contracts with local government. As in September, the suppliers in Figure 4 won contracts with a wide range of total values, from the £54.5m places on a multi-supplier framework for home care and support won by Choices Healthcare and Your Care and Support Ltd, to Blue Line Taxis, whose 13 awards were worth a total of £304,980. This month-on-month data shows that local government is a marketplace offering scope to suppliers of all sizes in all sectors, with opportunities to win multibillion-pound contracts or work worth thousands rather than millions of pounds.

Suppliers by Number and Combined Value of Awards

Number of Awards	Supplier	Value of Awards (£)
149	Opus People Solutions	£5,379,099
43	Kareplus	£1,147,885
21	GPC Industries Ltd	£1,431,801
21	Kenny Weir	£403,830
20	H C Slingsby plc	£1,363,620
17	Medacs Healthcare	£9,532,335
16	Southcott Support Services Ltd	£4,759,328
15	Choices Healthcare Ltd	£54,545,445
15	Your Care and Support Ltd	£54,545,445
13	Blue Line Taxis	£304,980

Figure 4

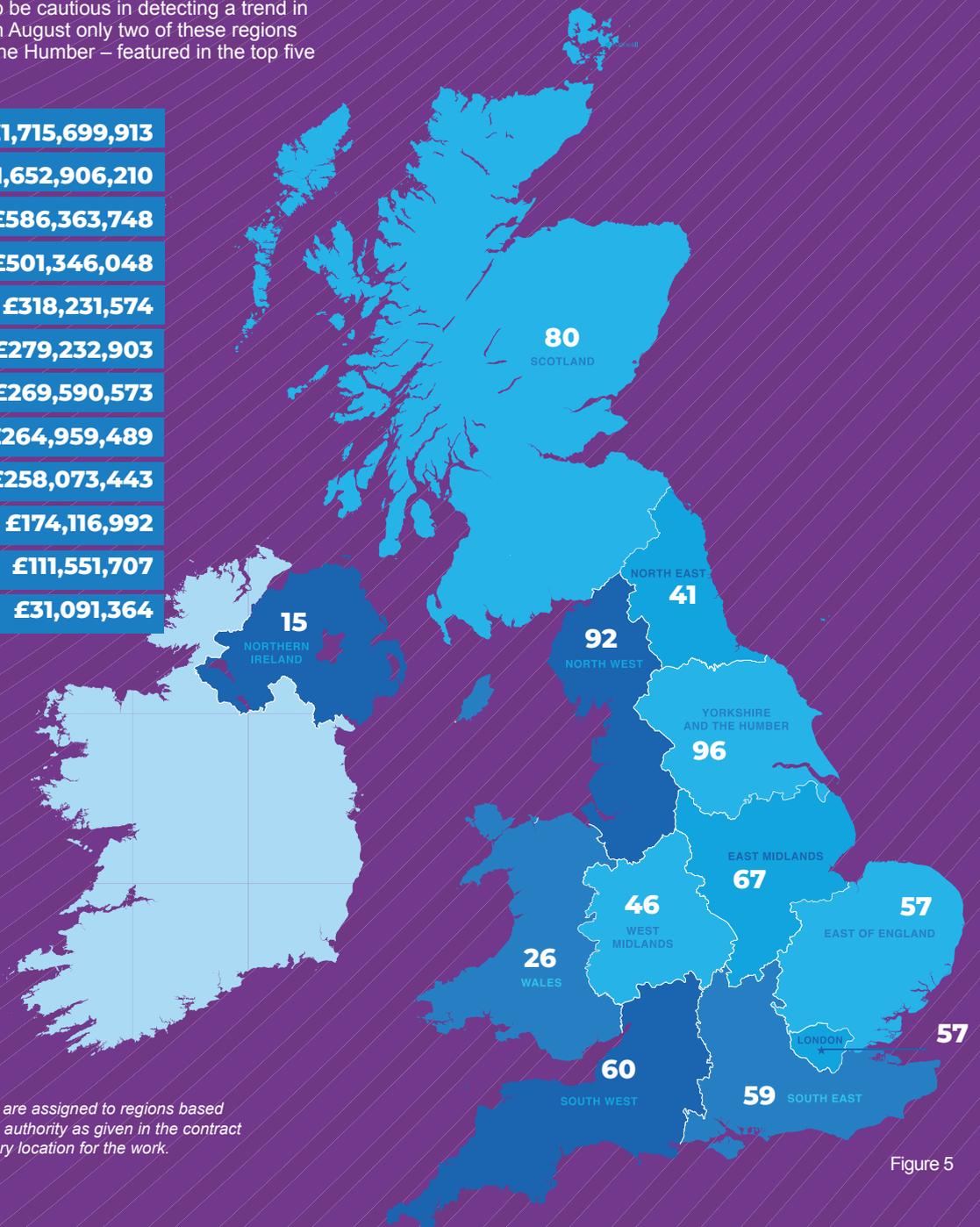
Regional overview

Yorkshire and the Humber heads the list of regions by volume of contracts awarded with 96, just four ahead of the North West with 92. That these two regions dominate this list is unsurprising given the prominence of authorities from these areas in the top ten buyers by volume of contracts shown in Figure 2. Three of the ten – Leeds City Council, East Riding of Yorkshire Council and YPO – come from Yorkshire and the Humber and are responsible for 38 of the 96 awards made in the region, while a further three – Cheshire East Borough Council, Liverpool City Council and Cumbria County Council – are from the North West, where they issued 40 of the 92 awards.

Figure 5 shows a considerable variation in the volume of contracts awarded across the regions of the UK in October. While Yorkshire and the Humber awarded 96 contracts, Northern Ireland awarded just 15. This almost exactly replicates the pattern in September when Yorkshire and the Humber headed the list of regions by volume of awards with 87, with Northern Ireland in tenth place with ten awards. Indeed, the top five regions in October – Yorkshire and the Humber, North West England, Scotland, East Midlands and South West England – are the same as in September, though in September Scotland came below East Midlands and South West England. It is advisable to be cautious in detecting a trend in these figures, however, since in August only two of these regions – Scotland and Yorkshire and the Humber – featured in the top five regions by volume of awards.

Unlike September, when YPO, a large buying consortium, issued eight out of the ten most valuable contracts awarded in the region, in October, seven different authorities were responsible for the ten most valuable contracts awarded in Yorkshire and the Humber. The £1bn contract awarded by Brentwood Borough Council for the Brentwood Asset Development Programme pushes the East of England into top spot in the list of regions by value of contracts awarded. Interestingly, even without this extremely high-value contract, the region would have been in second place, despite only being in seventh place in terms of the volume of contracts awarded. Buyers in the East of England awarded a further three contracts worth over £125m, whereas the highest-value contract awarded in the North West of England – which was in second place and awarded 29 more contracts (41% more) than the East of England – was worth just £45m. The dominance of a single high-value contract is most noticeable in the North East of England where £480m of the £586.36m (81.8%) spent by authorities in the region came from a single framework for food supplies, issued by NEPO – the same framework which provided six of the top ten suppliers mentioned in Figure 4.

East of England	£1,715,699,913
Yorkshire and the Humber	£1,652,906,210
North East (England)	£586,363,748
South West (England)	£501,346,048
Scotland	£318,231,574
Wales	£279,232,903
West Midlands (England)	£269,590,573
South East (England)	£264,959,489
North West (England)	£258,073,443
London	£174,116,992
East Midlands (England)	£111,551,707
Northern Ireland	£31,091,364



*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

Procurex brings together public procurement professionals and industry-leading suppliers. These one-day events provide exhibitors and attendees from the public and private sector with an opportunity to engage across a range of interactive and educational keynote talks, training sessions, supplier engagement opportunities and more. Each event is focused around supporting the latest public procurement initiatives and objectives relevant to that country.

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 on 18 March 2020.

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www.procurexnational.co.uk

Local Government Procurement Expo (LGPE)

LGPE brings together local government procurement professionals and industry-leading suppliers. Officially supported by the Local Government Association as well as leading buying organisations, this one-day event provides exhibitors and attendees from the public and private sector with an opportunity to engage across a range of interactive and educational training sessions, supplier engagement opportunities and more. LGPE is focused around the National Procurement Strategy and how local government can perform against the key objectives outlined within.

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Association**

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