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2022 Year in Review

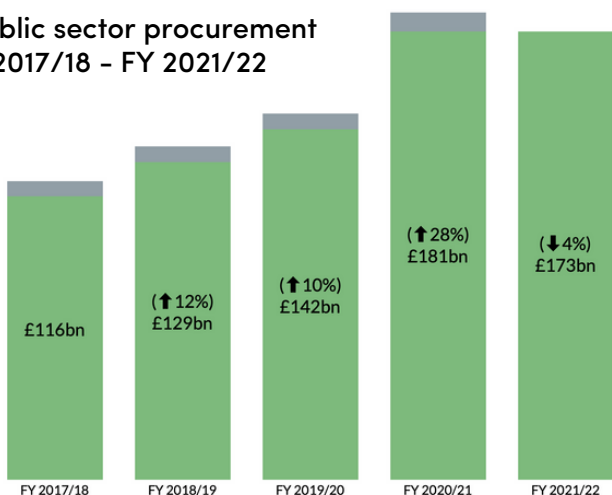
2022 was a politically and economically turbulent year, in the UK and beyond. Despite – or because of – these pressures, public procurement was resilient. In England, the government continued purchasing at record levels, and market opportunities for suppliers remained plentiful. *Here are the key trends in public procurement in 2022, in 12 charts.*

For a full methodology, please refer to page 6

1

Total direct public sector procurement spend, FY 2017/18 – FY 2021/22

Direct spend from contracting authorities which have not yet published their procurement expenditure for FY 2021/22



Public sector spending remained at record high levels

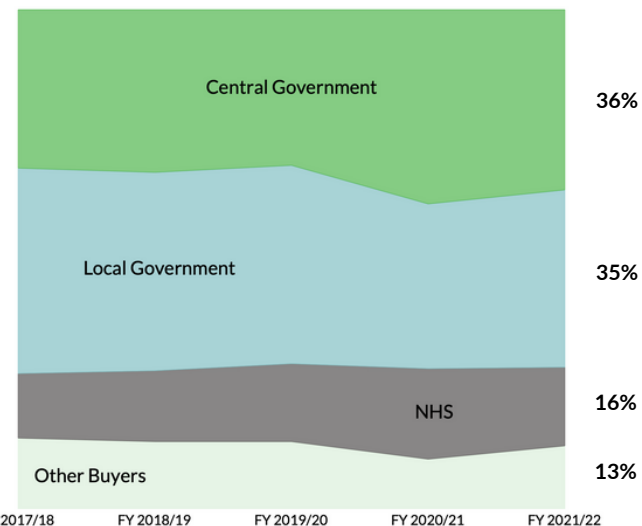
Excluding contracting authorities with late publication, procurement spend remained at its post-pandemic peak

So what?

In the context of challenging economic conditions for the private sector, the public sector is a large and resilient market for suppliers

2

Share of total direct public sector procurement spend by buyer type, FY 2017/18 – FY 2021/22

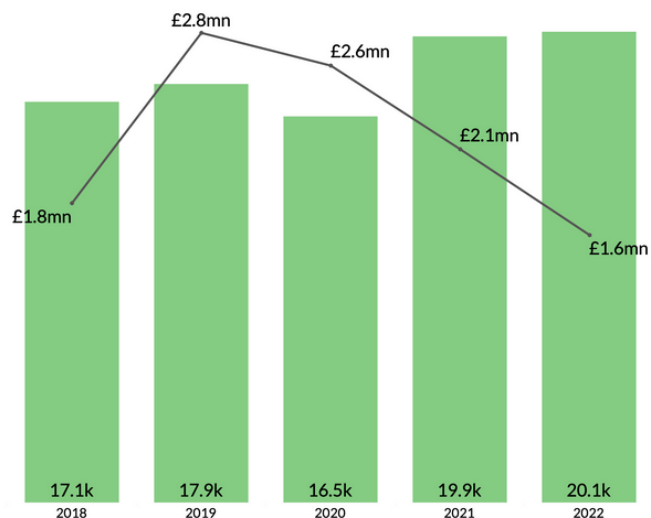


Split in public procurement returned to its pre-pandemic norm

Share of procurement by Central Government and the NHS diminished as the pandemic abated

So what?

As a supplier, don't overlook the importance of Local Government as a potential target market



Average contract award value vs. total number of suppliers, Jan 2018 – Dec 2022

■ Total number of suppliers
— Average value of contract awards

Public sector contracts became more accessible

Average contract value has nearly halved since 2019, while the total number of suppliers in the market reached an all-time high in 2022

So what?

The government agenda of 'contract disaggregation' is bearing fruit: contracts are becoming smaller, and as a result more suppliers are entering the market

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Want to break into the public sector?

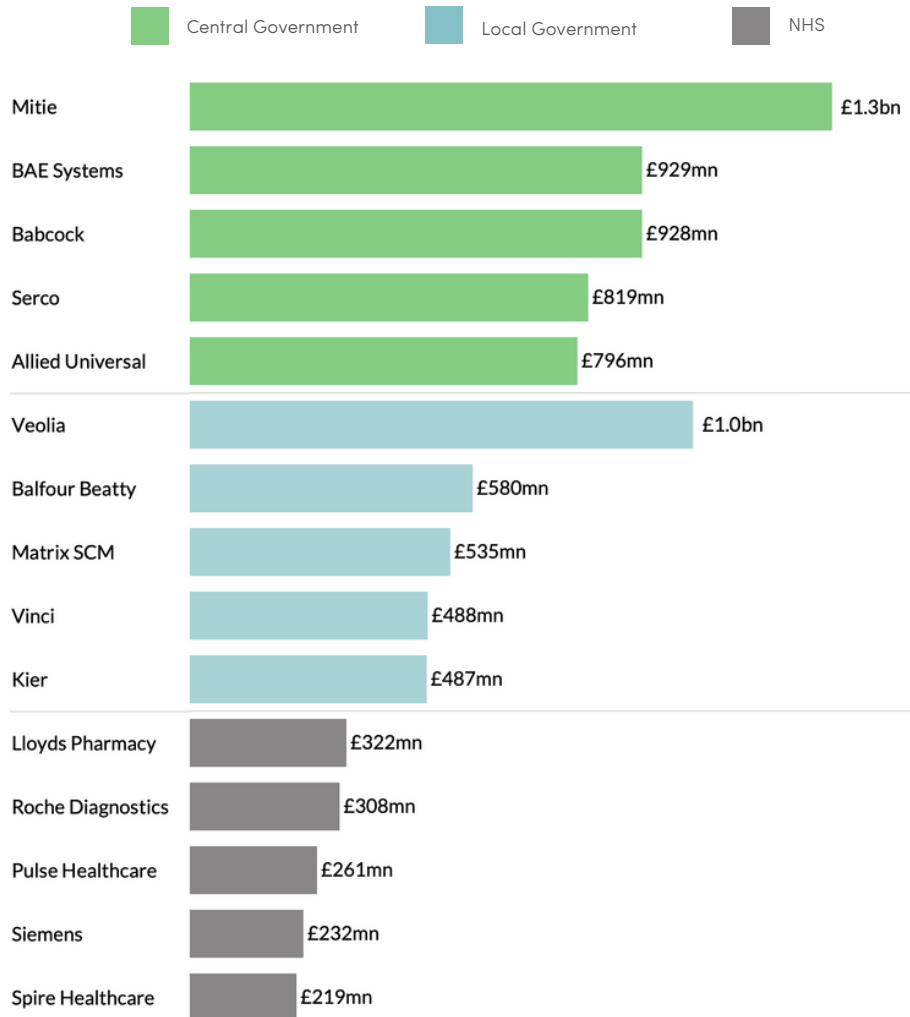
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Training Webinar:
Routes to market into the public sector



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4

Top 5 suppliers by total direct public sector billings, by buyer type, FY 2021/22*



* Totals calculated on a consolidated basis, with subsidiaries grouped under their parent organisation. Train operating franchises and NHS partnerships have been excluded

Each part of government works with different top suppliers

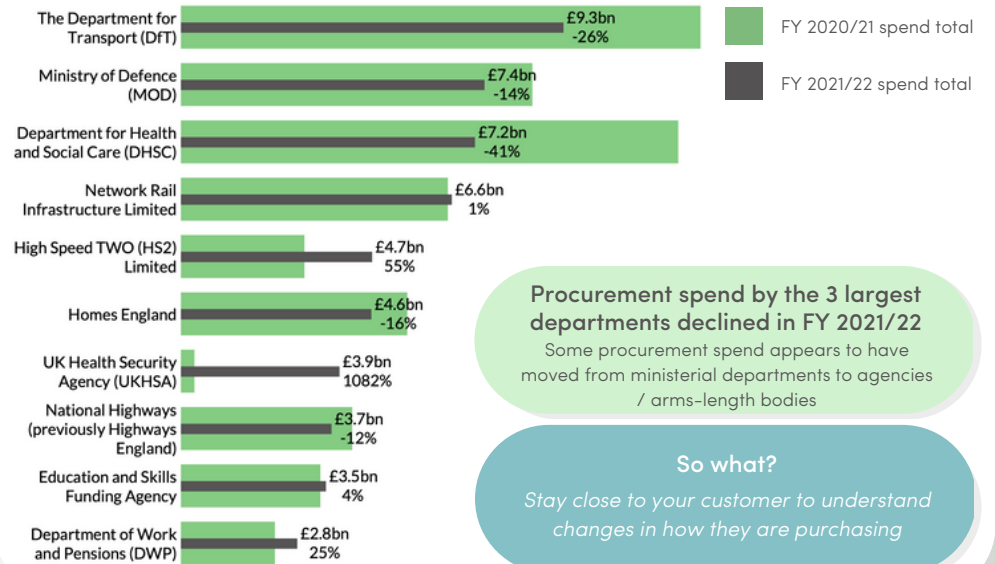
Not one supplier is among the top 5 in more than one category of the public sector

So what?

As a supplier, adapt your go-to-market strategy to the area of government you're selling to

5

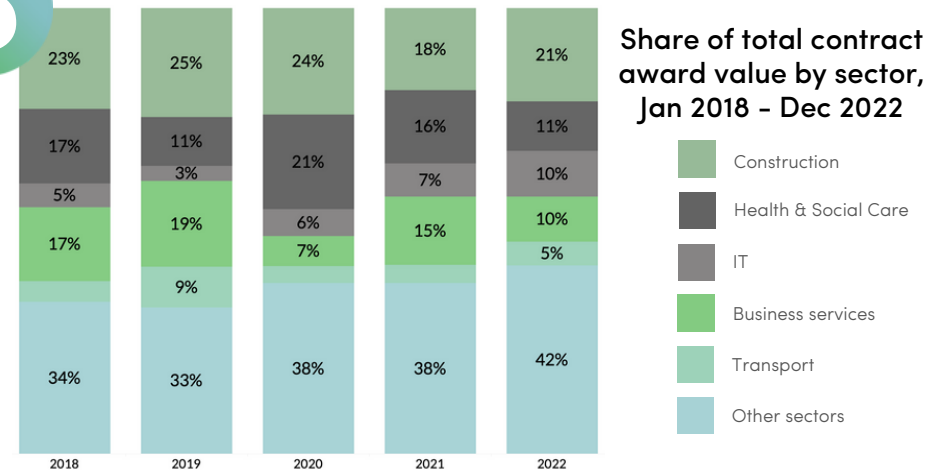
Top 10 contracting authorities by total direct public sector procurement spend, FY 2021/22 (vs. FY 2020/21)



Procurement spend by the 3 largest departments declined in FY 2021/22
Some procurement spend appears to have moved from ministerial departments to agencies / arms-length bodies

So what?
Stay close to your customer to understand changes in how they are purchasing

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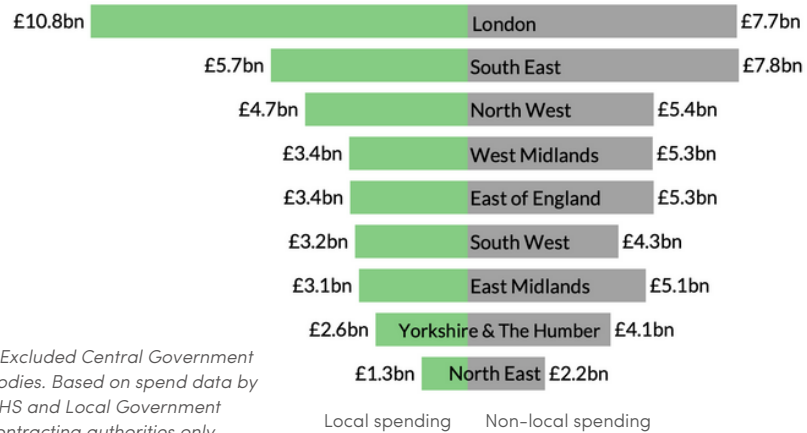


IT sector share of total procurement is increasing year-on-year
IT sector market share has doubled since 2018, while construction retains the largest share of the market

So what?
There has never been a better time for IT companies to focus on the public sector

7

Total direct procurement spend with local and non-local suppliers, by region, FY 2021/22 *



* Excluded Central Government bodies. Based on spend data by NHS and Local Government contracting authorities only.

Local spending Non-local spending

Excluding London, more procurement was across regions than within them

Local authorities and NHS bodies outside London spent 41% of their procurement budget locally

So what?

Contracting authorities look for suppliers beyond their region - are you setting your sights nationally?

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Total direct procurement spend with SMEs as a % of total by buyer type, FY 2021/22



Local Government leads the way in working with SMEs

Excluding subcontracting, Local Government spent more money directly with SMEs than the NHS and Central Government combined

So what?

Spending more with SMEs is still a priority for Central Government and the NHS, even if they currently lag Local Government



New to selling to the public sector?

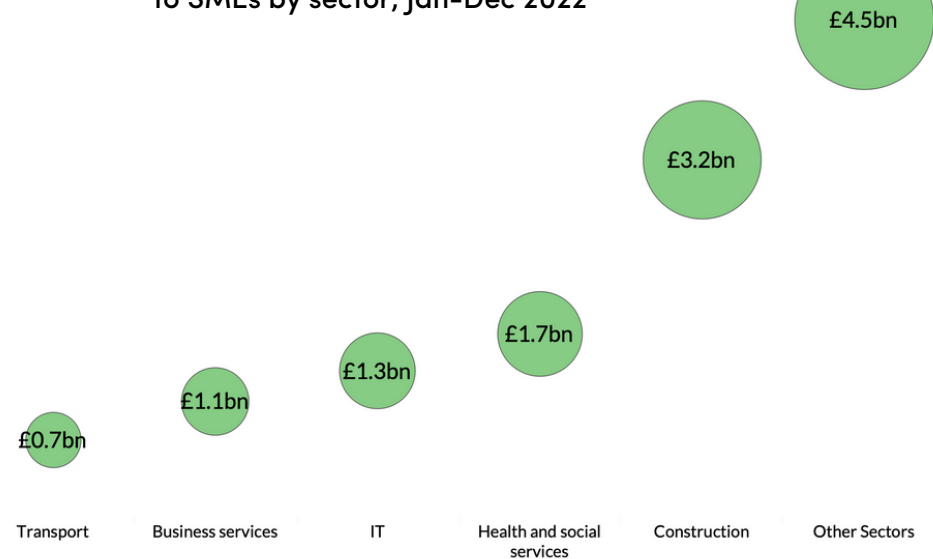
Our SME Guide provides a handy checklist to help you start selling to the public sector effectively from the get-go



[Download our SME guide](#)

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Total contract award value directly to SMEs by sector, Jan-Dec 2022



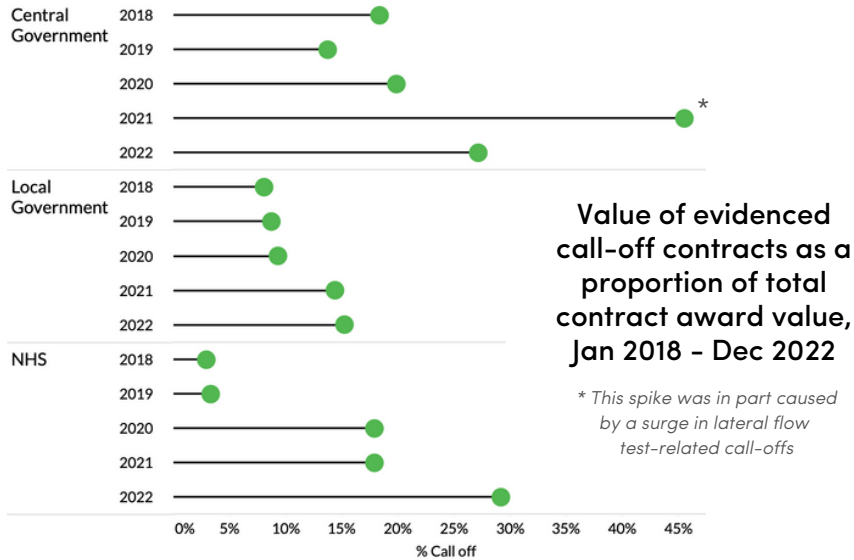
SMEs fared best in the construction sector

Construction accounted for 26% of the total value of contracts awarded directly to SMEs

So what?

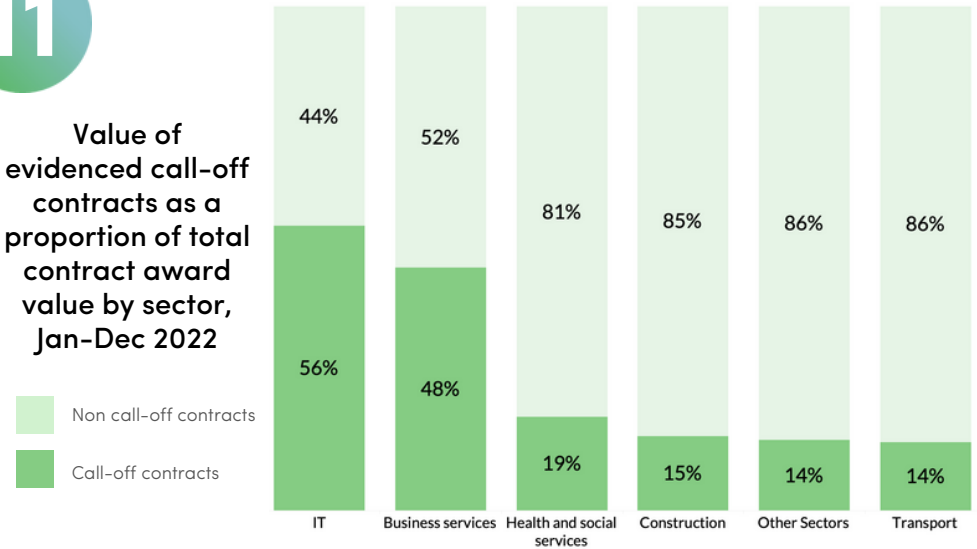
Don't let being an SME stop you from pursuing opportunities with government

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11

Value of evidenced call-off contracts as a proportion of total contract award value by sector, Jan-Dec 2022



More and more procurement is going through framework agreements

Ignoring a pandemic-related blip, there is a clear trend towards more use of frameworks across all parts of government

So what?

If you're serious about winning work in the public sector, you need to be actively using (the right) frameworks

Over half the value of IT contracts was awarded via frameworks

So what?

Making use of the right frameworks is especially important for suppliers of IT and Business Services



Want to get your head around framework agreements?

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Training Webinar:

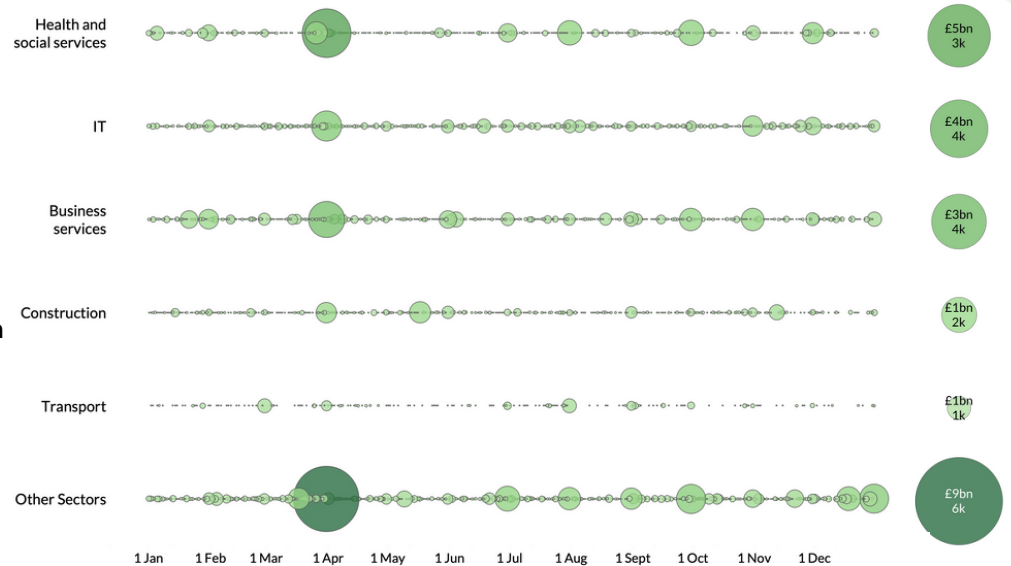
How to win more work through frameworks



Watch our webinar

12

Live services contracts expiring in 2023



£23bn worth of contracts roll-off in 2023

Over 19,500 services contracts could come up for renewal in 2023

So what?

Don't just wait for open tenders or competitions. To gain the edge, anticipate upcoming contract renewals and build relationships well in advance.

How to maximise your success as a supplier in 2023

The public sector remains a vast and very resilient market against a backdrop of slow economic growth. In 2023, contracting authorities will face growing pressure to deliver vital public services with ever more stretched budgets - so the need for businesses to respond with innovative, cost-effective solutions has never been greater.

To unlock more value from the public sector in 2023, we recommend that you:

1. Harness market intelligence to understand your market landscape: who is buying the products or services you're selling, how well are your competitors doing, in which sweet spot should you be focusing resources, and which upcoming opportunities can you pre-empt?
2. More and more purchasing is going through frameworks, but in a crowded market which are the right ones for you to get on? Use framework intelligence to reveal which frameworks your customers are really using, and what profile of contracts are being awarded through them.
3. Start building relationships with key-decision makers within the contracting authorities you want to break into so that you're in pole position when the tender lands. The more you've rolled the pitch, the better position you will be in for success.

How to maximise value as a buyer in 2023

In a climate of high inflation and austerity, you're under relentless pressure to do more with less.

Contracting authorities purchase at scale, so your procurement budget is a feasible area to make savings by leveraging your purchasing power. Instead of relying on the status quo, in 2023 we recommend that you:

1. Go into commercial negotiations as well prepared as your suppliers are. For example, benchmark how much you spend with them, and identify alternative suppliers that are providing similar services elsewhere. Some simple research could reveal that you have a lot more leverage over your suppliers than you realised.
2. Spot opportunities for joint procurement, or at least more collaboration. Do similar authorities rely on the same critical suppliers? Does anyone else have a similar contract rolling off at the same time? Who should you speak to to get a second opinion on a new supplier that you're considering bringing on board?
3. Promote more social value in your procurement. Don't become over-reliant on a handful of large suppliers - find SMEs, VCSEs and local businesses to work with and build a more resilient, sustainable and innovative supply chain.

Deepen your knowledge of public procurement

For suppliers

For buyers



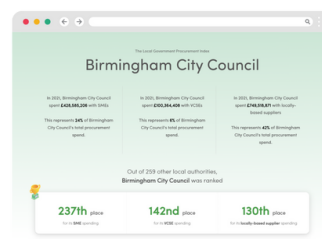
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tussell milestones in 2022

We welcomed over 75 new clients, including



Tussell's data was cited

260+

times in the local, international and mainstream in 2022.



10 techUK

techUK invited us to give 10 presentations to their members on the public sector tech landscape

[Access our insights](#)



We partnered with the British Chamber of Commerce to research procurement from SMEs

[Download the Tracker](#)



DCMS turned to us to analyse procurement from VCSEs

[Read the report](#)

We doubled in size!



Our insights help you sell to government. Don't miss them in 2023: [sign-up to our newsletter](#)

Methodology

This report is based on open procurement and expenditure data for contracting authorities based in England from official sources aggregated, organised and augmented by Tussell. We have excluded the other UK nations as they are subject to different legal requirements around transparency that make like-for-like regional comparisons challenging.

Contract award data is primarily from Contracts Finder and Find a Tender Service, as well as from more than 90 other local, regional or sector-specific public sector procurement portals. There is a little latency in the publication of this information so data for 2022 is based on a calendar period from Jan-Dec 2022.

Spend data refers to supplier invoices of £500 or more published by many contracting authorities for transparency purposes.

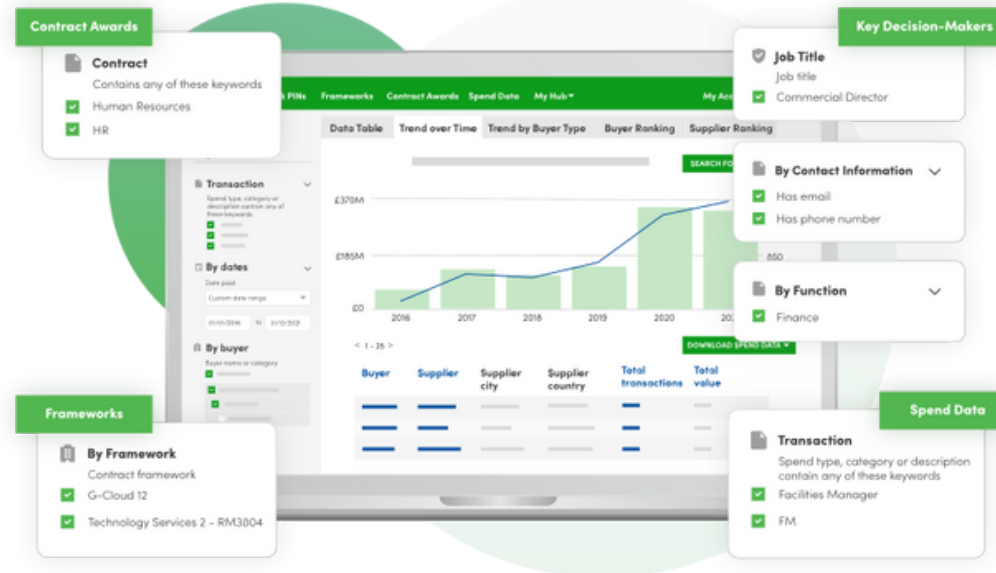
Disclosure of this expenditure is a legal requirement for all Central Government departments in the UK (including most of their executive agencies and arm's length bodies), and for Local Government and NHS bodies in England (but not in the other UK nations). In total, Tussell collects spend data from over 1,000 live and historical sources.

Due to a variable lag in the publication of this data, we have analysed spending over fiscal year periods, not calendar years. Data for FY 2021/22 refers to the period from April 2021 to March 2022. Data for FY 2021/22 is understated due to the exclusion of 65 contracting authorities that have not yet met their legal obligation to publish their procurement expenditure in that period.

For this report, sector analysis is based on the CPV taxonomy used by contracting authorities in the UK to describe their procurement categories. SMEs are defined using the standard European Commission definition. Local spending is defined as spending by a contracting authority with a supplier based within the same NUTS region, e.g. South West, North East, etc.

If you have any questions or comments about this report, please email our Research team at contact@tussell.com

All the data in this report came from Tussell's online market intelligence platform



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