Factsheet #3: Covid-19 & UK Public Procurement

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tussell

Trusted Insight on Government Contracts and Spend
Introduction & key findings

UK public sector procurement is showing tentative signs of recovery, with 18% more opportunities published in May than the month prior.

The government has also started to reveal the extent of its Covid-19 response procurements, publishing nearly 400 contracts worth over £1.7bn.

At a time of crisis, accurate and reliable real-time data matters more than ever. This is the third report in our monthly series tracking the impact of Covid-19 on UK public procurement. In this edition, we are focusing on the companies – established and new entrants – that are supporting the government’s response to the crisis.

Public sector opportunities showing first signs of recovery

£1.7bn worth of Covid-19 response contracts published

A quarter of response contracts awarded to new suppliers
Signs of recovery in UK public procurement

Last month, the number of invitations to tender (ITTs) published by the UK public sector increased for the first time since February, up 18% on the previous month to 1,248.

Though still only half of the 2019 monthly average of 2,400, it shows that there are signs of recovery in everyday public procurement.
The UK public sector has published nearly 400 contracts worth £1.6bn relating to its response to the Covid-19 crisis.

Procurement relating to the response is highly centralised – more than 90% of the value of Covid-19 response contracts has been awarded by Central Government, compared to 5% for Local Government and 3% for NHS.
Two large contracts for food to support vulnerable adults and children awarded by DEFRA and the DfE make this the single largest contract area.

Testing and PPE are the next two largest contract areas, with DHSC awarding the bulk of the value of contracts for both. The Business Services Organisation of Northern Ireland has also awarded £170m worth of PPE contracts.

27 contracts worth £33m have also been awarded for consultancy support to the Covid-19 response.
Seven firms have won four or more Covid-19 response contracts

PwC has won seven contracts to support the Covid-19 public sector response, more than any other single supplier. Its contracts include projects with the British Business Bank, Cabinet Office and MHCLG.

Two medical firms have won six contracts each from the UK public sector – Draeger supplies ventilators and Integra Biosciences are supporting the testing response.

The DfT has awarded 17 contracts for emergency freight capacity – six of these went to P&O Ferries, and four to Stena Ports.

<table>
<thead>
<tr>
<th>Supplier (group)</th>
<th>Distinct Contracts</th>
<th>Award Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricewaterhouse Coopers</td>
<td>7</td>
<td>£10M</td>
</tr>
<tr>
<td>Draeger Medical UK Limited</td>
<td>6</td>
<td>£4M</td>
</tr>
<tr>
<td>Integra Biosciences Limited</td>
<td>6</td>
<td>£2M</td>
</tr>
<tr>
<td>P&amp;O Ferries Division Holdings Limited</td>
<td>6</td>
<td>£13M</td>
</tr>
<tr>
<td>Accord-Uk Ltd</td>
<td>4</td>
<td>£10M</td>
</tr>
<tr>
<td>Life Technologies Limited</td>
<td>4</td>
<td>£10M</td>
</tr>
<tr>
<td>Stena Line Ports Limited</td>
<td>4</td>
<td>£6M</td>
</tr>
</tbody>
</table>

The chart above shows the top suppliers by number of Covid-19 response contracts.
The bulk of Covid-19 response contracts have been awarded without a competitive tendering process. We might expect that would lead to an overreliance on existing suppliers, but this seems not to be the case. A quarter of Covid-19 response contracts were awarded to firms that have not previously been named on a publicly published government contract. The largest contract won by a supplier new to the public sector was a £109m award to PestFix by the DHSC to provide PPE.
Conclusions: Covid-19 & Public Procurement

We are starting to put together a picture of what the government is procuring to support its response to the Covid-19 crisis – and from whom.

Central Government departments have been responsible for the vast majority of procurement, reflecting how the crisis response has been quite highly centralised.

*While this centralised approach in theory brings the benefits of economies of scale and harmonisation, in practice it may make it more difficult to respond to local situations on the ground.

The public sector is not just turning to its existing supply chain to support its response to the crisis. A quarter of the contracts awarded so far have been to companies that have never before been named on a published UK public sector contract.

Although hundreds of contracts have now been published, there are still gaps in the data. Nothing has yet been published relating to the government’s creation of the Nightingale field hospitals, nor about the companies involved in the human contact tracing programme.
Our advice for government suppliers navigating Covid-19:

- **Expect disruption in current/future bids**
  
  There has been a significant increase in the number of cancelled procurements in the last month, and this disruption is likely to continue for some time.

  It is likely that a number of the procurement processes you are already taking part in will be affected.

- **Look out for extensions to current contracts**
  
  Re-procurement is a time-consuming and expensive process. Buyers are likely to prefer to extend existing contracts where possible.

  If you have a contract due to expire in the next few months, check with your customers about their plans for extension.

- **Use your time for strategic planning**
  
  Less time bidding means more time for account planning, market segmentation and competitor intel.

  Having a clear, evidence-based growth strategy will mean you are better positioned for the expected rebound, when competition will be even more intense.

- **Direct awards more likely**
  
  While public procurement is usually guided by competition regulations, in emergency situations such as this the public sector are able to directly award contracts relevant to their response to the crisis.

  If you think you can help the response to Covid-19, consider reaching out directly to public bodies to offer your services.
Tussell brings clarity to UK public procurement – a huge but under-reported market

Government spending is set to reach record levels on account of corona virus
We help you to win more business by planning strategically and generating new leads proactively.

**Use Cases**
- Generate leads
- Understand buyers
- Watch competitors
- Plan strategically
- Optimize pricing
- Anticipate re-bids
- Internal reporting

**Benefits**
- Save time
- Gain insight
- Be evidence-based
- Be proactive
- Allocate resources
- Empower salespeople

Save time, gain insight, improve sales effectiveness
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