Local Government Third Party Spend 2019/2020 Almanac

Building a better working world

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Introduction

Local Government across England collectively spends over £63bn with suppliers to deliver vital services to residents. From contracts with care-home providers through to IT companies, this expenditure is essential to delivering the outcomes we all need.

EY and Oxygen Finance, in collaboration, are really pleased to be supporting this first local authority spend Almanac, that brings together a view of expenditure across local government in England. Councils are still facing real-term cuts, whilst dealing with significant rises in demand for local public services. This situation has been further exacerbated by the current pandemic and the resultant impacts on the wider economy.

It is now more important than ever for local authorities to scrutinise the value they are getting from their third party spend. Whilst this document focuses on spend trends pre COVID-19, it does still provide a rare insight into the areas that are driving spend with external suppliers.

The Almanac provides a unique look into the spending behaviours of councils over the previous three financial years. It allows us to understand the need for national strategic suppliers, though highlights where we are seeing increases in costs and demand for services. This will help the sector to ask better questions and work with suppliers to support delivery of the outcomes that we all want.

We hope that all local authorities across England will look at the analysis within this Almanac and use it to compare and contrast their own trends in third party spend at a local level. In the New Year, we will be looking to follow up with an addendum, to provide a view on what has changed before and after the first lockdown in March 2020. We are hopeful this will provide an even more useful and relevant picture.

"The LGA works on behalf of our member councils to support, promote and improve local government. We have been using the Porge (an Oxygen Finance Company) spend data for a number of years to support our work with local government's strategic suppliers in an approach which helps us to deliver better social and financial value with existing suppliers by improving the interaction between buyers and suppliers to their mutual benefit.

"This Almanac will help raise awareness of how councils in England have spent their funding with third parties, and to open the conversation between council leaders as to how we can continue to collaborate together with our external partners to get the best possible value from our external spend and demonstrate the positive impact good procurement can have on our communities."

A quote from Councillor Peter Fleming, the Chair of LGA's Improvement and Innovation Board

Agenda

1 Background and Executive Summary

Context and Background (1/2)

The Local Government Transparency Code 2015 sets out the minimum requirement for local authorities to publish open data, including spend data. It ensures that data about how money is spent is accessible publicly and all expenditure exceeding £500.00 must be published. This creates a wealth of information and helps to understand national trends and variations in how local authorities spend their resources with third parties.

Oxygen Finance has developed an Illuminator tool that aggregates and categorises actual invoice data disclosed by all local authorities in England.

EY, as a Global Firm work directly with local authorities to support them to drive value from their third party spend.

Some of the key general findings in this 2019/2020 Almanac include:

- Despite significant real term cuts to local government funding, external spend has increased by c.10% over the last 3 years – this is ahead of inflation over the same period.
- Although overall third party expenditure is increasing generally above the level of inflation, it is likely that expenditure in relation to revenue funded local government activity is reducing, whilst capital expenditure is increasing.
- There has been a real terms reduction in spending on Facilities, Public Transport and Libraries but significant increases in spend on Children's social care, ICT infrastructure and major infrastructure like airports, leading to a near flat position overall.
- This shows how Councils are diverting funding from discretionary services like culture and leisure, and either investing in or meeting increased demand in areas such as infrastructure and vulnerable citizens.
- There are some major regional variations, including the North West where expenditure increases have been significantly below inflation and the East of England, where spend has increased at more than double the level of national inflation.
- The rise of the Combined Authority (CA) has seen a notable shift of spend relating to infrastructure, transport and place shaping away from individual Councils and to the CAs.

National Expenditure Analysis

In this section, we explore the national picture of third party expenditure across England

Council Type Expenditure Analysis

In this section, we look at the third party spending patterns of the different types of Local Authorities in England

Category Expenditure Analysis

In this section, we set out third party spending patterns over the last three years by category and sub-category

Regional Expenditure Analysis

This section explores third party spending patterns across each of the English regions

Context and Background (2/2)

The purpose of this document is to highlight the trends in Local Government third party expenditure across England. In 2019/2020, Local Authorities within England have a statutory obligation to publish all spend over £500. EY and Oxygen Finance have developed this document, focusing on third party capital and revenue expenditure to provide an overview of third party expenditure trends including:

- Overall third party expenditure across English local authorities
- Category expenditure
- Council type expenditure
- Regional expenditure

The COVID-19 crisis, has increased the financial pressures that most Local Authorities are facing. Together with the wider impacts on the economy and the resultant sustainability of businesses it is now ever more important for Local Authorities to scrutinise the value they are getting from their third party spend. Local Authorities need to be assured of resilience within their supply chains allowing them to meet their corporate objectives and deliver vital services seamlessly to their residents. This document focuses on spend trends pre COVID-19, and is based on quantitative data published by Local Authorities. Some notable insights from this document include:

- **£180.6bn** has been spent with third parties by English Local Authorities in the last 3 years
- **£63bn** was spent on third parties in 2019/2020, 37% of this incurred within the Vulnerable citizens category
- **£1,075** was spent per capita in 2019/2020, an increase of 6.5%* since 2017/2018
- **13.6%*** more was spent with SME's in 2019/2020 compared to 2017/2018
- **80%** of total third party spend across England is with a relatively small number of suppliers (5,547)

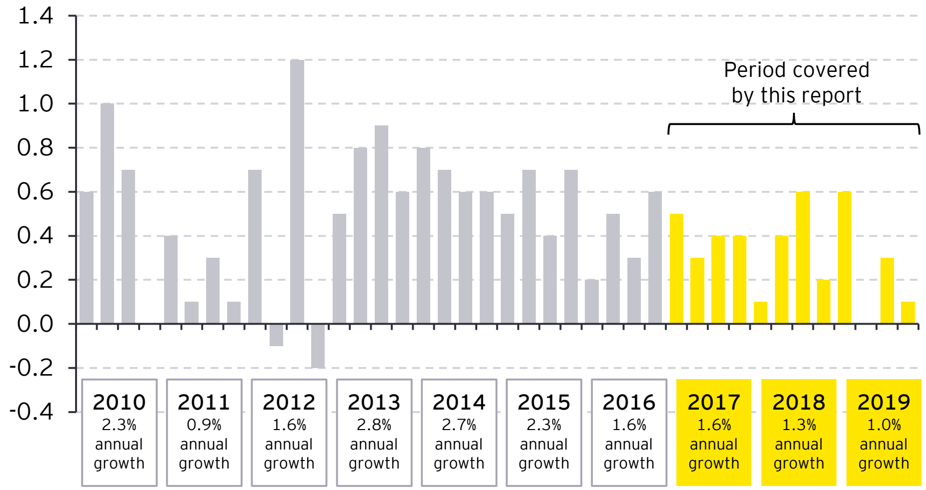
*Percentages not adjusted for inflation

Economic Context

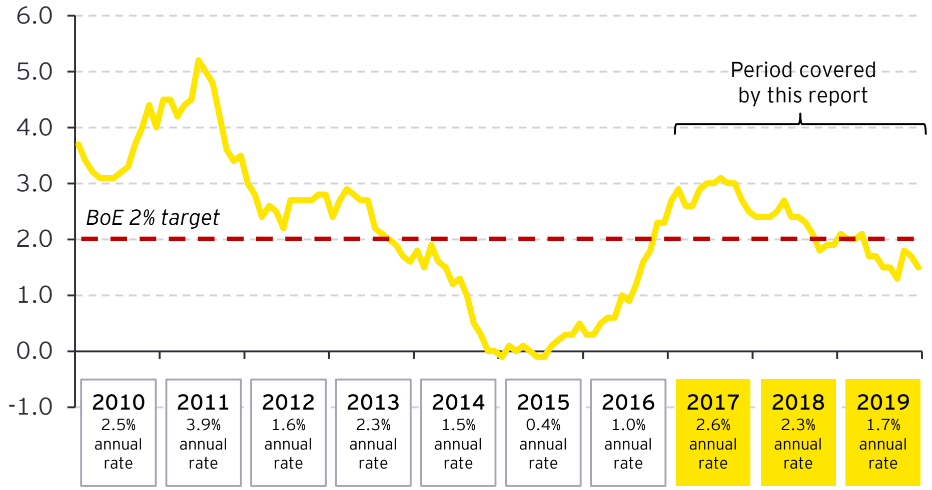
This report considers a period of time when the UK's economic performance struggled to build momentum in its GDP growth in the years post Brexit referendum. These years have coincided with historically low levels of unemployment, with the UK's rate sitting at 3.9% as at the end of 2019*.

Consideration is applied to inflation over this period, noting that the Consumer Price Index (CPI) has remained stable over the past 3 years, hovering around the Bank of England's 2% inflation target. However, individual categories of spend will have been subject to varying levels of inflation compared to this average*.

Gross Domestic Product, Quarter on Quarter % Growth; 2010 - 2019



Consumer Price Index (CPI) Annual Rate (%); 2010 - 2019



The period presented difficult trading conditions across a number of sectors, including a number of outsourcers and care providers. Evidently, this period has preceded the huge economic disruption caused by COVID-19, which has brought unprecedented volatility and economic implications to the entire economy.

The report considers expenditure on a nominal basis, meaning no adjustments have been made for inflation.

*Office of National Statistics

Local Authorities in England spent £63Bn on third parties in 2019/2020, here are some key insights …

£63bn
overall local authority expenditure on third parties (2019-2020)

37%
of total third party spend is on the Vulnerable citizens category

£1,075
spend per capita

All categories have seen an expenditure increase from 2019/2020 compared to 2017/2018

3 year spend up by +9.7%

26%
of total third party spend is on the buildings category

Biggest spend areas across Local Authorities are:

- Vulnerable citizens
- Buildings
- Highways and transport
- Waste and environment

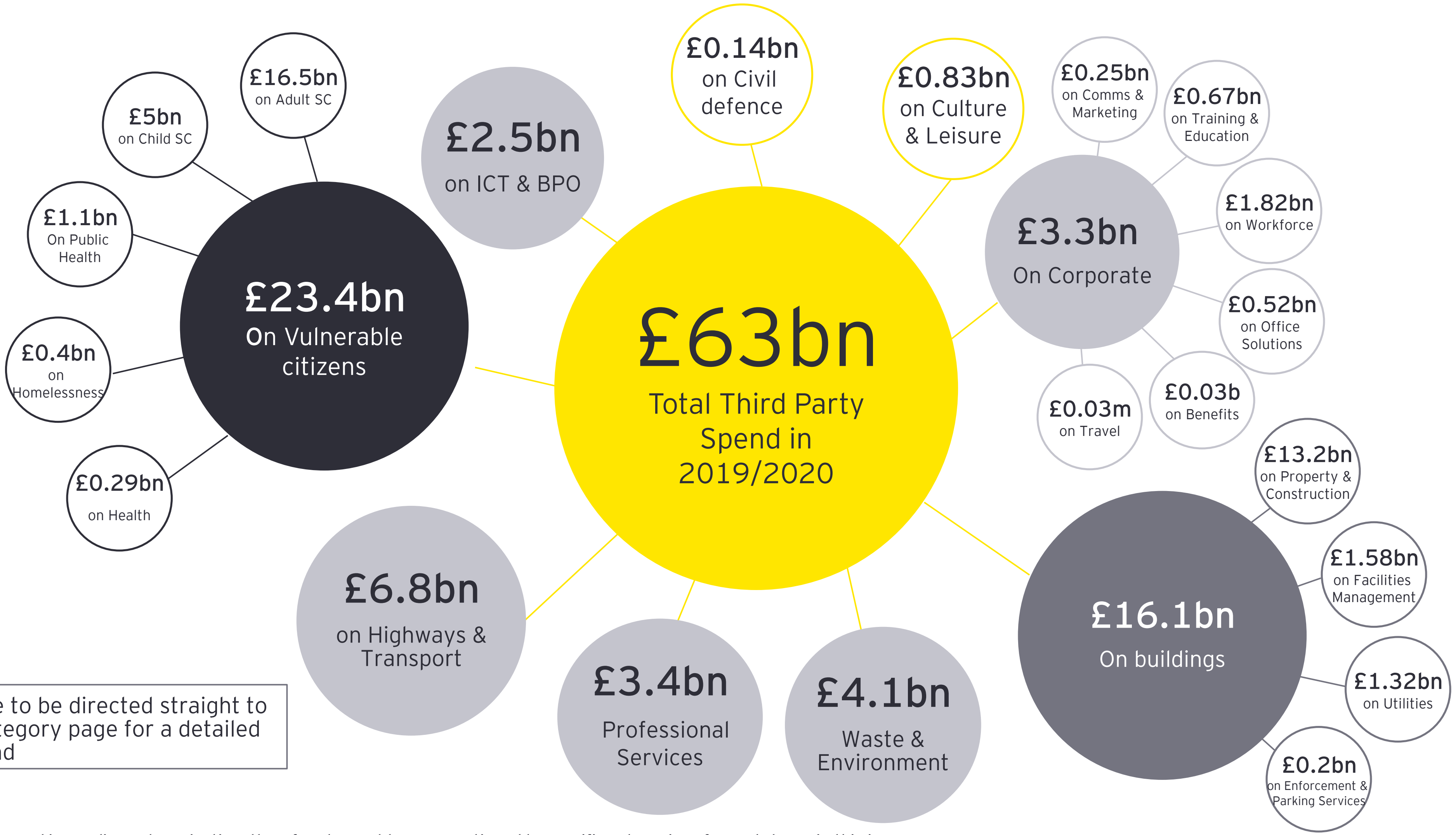
+10%
Increase on Vulnerable citizens over the last 3 years

Area of activities of the 10 highest suppliers:

- Buildings
- Waste & Environment
- Highways and Transport

All data insights are sourced from Oxygen Finance's Illuminator Portal
Percentages are not adjusted for inflation

Of the £63bn expenditure, spend can be apportioned against nine categories, these can be further divided into sub-categories of expenditure …



Click each circle to be directed straight to the relevant category page for a detailed analysis of spend

A small proportion of spend is pending categorisation, therefore has not been apportioned to specific categories of spend shown in this image

2

National Expenditure Analysis

National Third Party Expenditure Data – Introduction

- In this section we look at National third party expenditure trends across spend categories and council type.
- The data shows some significant variations and helps to demonstrate the continuing trend of moving towards single tier unitary authorities and the emergence of the new combined authorities, experiencing the fastest year on year growth by a significant margin.
- Some trends by category will not be a surprise, such as reducing spend across culture and leisure, and large uplifts in spend on Children's Social Care, driven in part by the increasing number of Children Trusts being established to improve service standards.
- There are, however, some areas that run contrary to popular knowledge. For example, third party spend on adult social care has only marginally increased above inflation. Whilst the overall adult social care category may not have increased as much as expected, it hides some large swings within, for example the continuing trend to invest in preventative and community services, and reducing spend on institutionalising the most vulnerable residents.

*Percentages are not adjusted for inflation

Council Type Expenditure Analysis

In this section, we look at the third party spending patterns of the different levels of Local Authorities in England

Category Expenditure Analysis

In this section, we set out third party spending patterns over the last three years by category and sub-category

2.1 National Expenditure Analysis – Council Type

National Expenditure Data by Council Type – Introduction

In this section, we explore third party spend and variations at different levels of local government. The structure of local government varies from area to area. In some areas of England, there are 2 tiers - county and district - with responsibility for council services split between them. London, other metropolitan areas and some other parts of England operate under a single tier structure with councils responsible for all services in their area.

- In total there are 343 local authorities in England made up of 5 different types*:
- Two Tier:
  - County councils – made up of 26 councils
  - District councils – made up of 192 councils
- Single Tier
  - Unitary authorities – made up of 56 councils, including the Isle of Scilly
  - Metropolitan districts – made up of 36 councils
  - London boroughs – made up of 33 councils, including the City of London Corporation
- We also explore data from the newly formed Combined Authorities (CAs) of which there are currently 10. These CAs are made up of a number of other councils working collectively under a separate legal entity, often used to projects that span traditional council borders such as transport, infrastructure and regeneration. As they are separate legal entities, these CAs can also spend with third parties directly.
- All Council types have seen an increase in third party expenditure since 2017/2018
- Despite London Boroughs having similar responsibilities to Unitary and Metropolitan Councils, and far more concentrated geographies, London Boroughs spend 30% more per resident than Unitary and Metros.

*Local Government Structure

Tier	Council type	Description
Single Tier	Unitary	Unitary Councils are responsible for all council services within their boundaries, covering large geographic and often rural areas.
Single Tier	Metropolitan	The same as Unitary County Councils but focused on specific metropolitan areas.
Single Tier	London Boroughs	London Boroughs are unitary Councils within Greater London. They have similar responsibilities to unitary but some services are delivered London wide, e.g., home school transport.
Two Tier	County	County Councils deliver county wide services like highways and education, with local service delivery provided by district councils.
Two Tier	District	District Councils sit within County Council boundaries and are responsible for local service delivery, such as refuse collection and grounds maintenance.
	Combined Authority	Combined Authorities (CAs)are separate legal entities who spend in their own right, helping Council cooperate on a regional basis.

The £63bn third party expenditure in 2019/2020 can be apportioned against the six Council types …

Whilst most councils have spent with third parties broadly around the level of inflation, Unitary Councils have increased expenditure at almost double inflation. This is in part due to the fact that several new unitary authorities being created over the past few years. The increase in new Combined Authorities are starting to see some significant spend of their own, primarily in infrastructure and transport projects and shows no signs of slowing down.

Single Tier

Unitary Councils

23% of total third party spend in 2019/2020
Three year spend trend is +15%

Total Spend of £14.3bn

London Boroughs

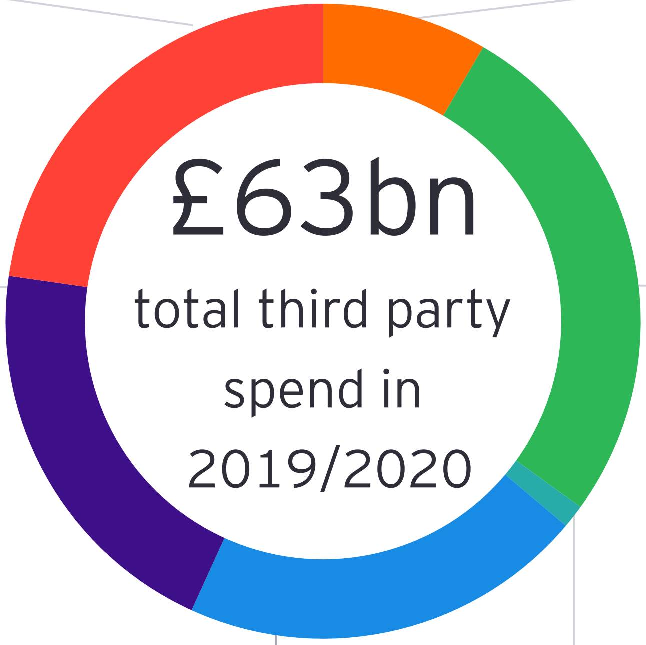
20% of total third party spend in 2019/2020
Three year spend trend is +7%

Total spend of £12.9bn

Metropolitan Authorities

21% of total third party spend in 2019/2020
Three year spend trend is +10%

Total spend of £13bn



Two Tier

District Council

8% of total third party spend in 2019/2020
Three year spend trend is +8%

Total Spend of £5.3bn

County Council

27% of total third party spend in 2019/2020
Three year spend trend is +7%

Total Spend of £16.7bn

Combined Authority

1% of total third party spend in 2019/2020
Three year spend trend is +43%

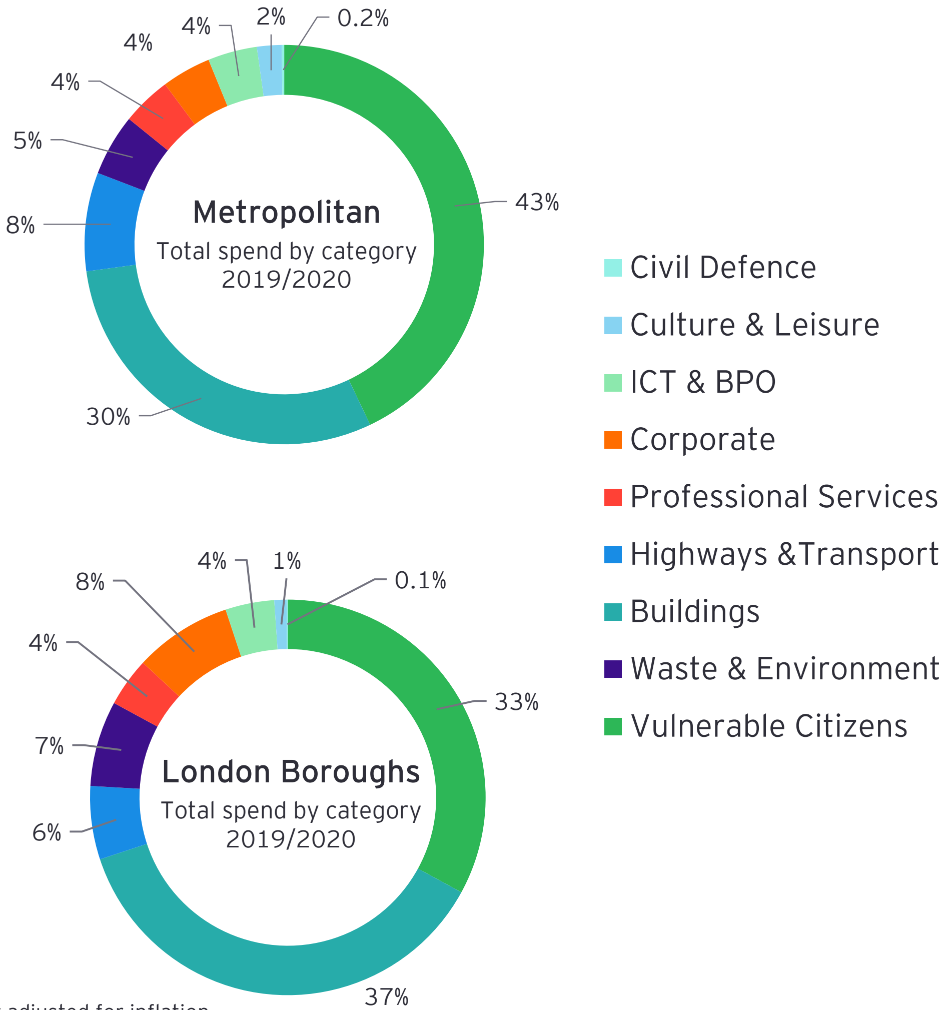
Total spend of £0.75bn

Click each box to be directed straight to the relevant council type page for a detailed analysis of spend

Percentages are not adjusted for inflation

Developed by EY and Oxygen Finance in collaboration

This is how Metropolitan and London Borough Councils spent against the total £63bn third party expenditure in 2019/2020 …



Percentages are not adjusted for inflation

Commentary

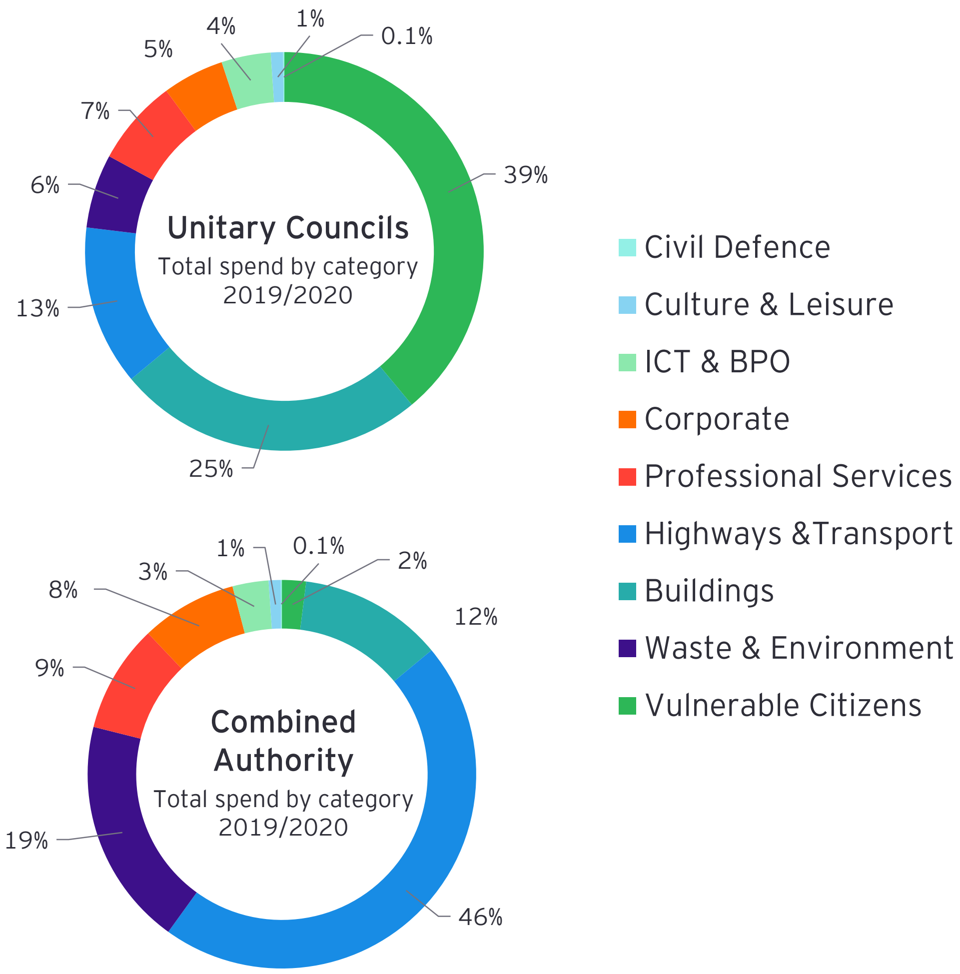
Metropolitan:

- Third party spend in Metropolitan Councils has increased by 10% since 2017/2018, this is above inflation for the same period.
- The largest category of spend for Metropolitan Council's in 2019/2020 was Vulnerable citizens, making up 43% of the total spend. This is consistently the highest category of spend for this type of council over the last 3 years.
- The expenditure in the categories of Waste & Environment, Corporate and ICT & BPO has declined since 2017/2018 by 15%, 7% and 3% respectively.
- The per capita spend in Metropolitan councils has increased by 7% since 2017/2018, to £1,037 per capita.
- Metropolitan Councils spent 38% of their total third party expenditure on SME's. Whilst the percentage of spend with SME's has increased by 15%, the actual number of SME's Metropolitan councils spend with has declined by 9%.

London Borough:

- The third party spend in London Boroughs has increased by 7% since 2017/2018, slightly below inflation.
- The largest category of spend for London Borough Council's in 2019/2020 was buildings, making up 37% of the total spend. This is consistently the highest category of spend for this type of council over the last 3 years.
- The expenditure with Professional Services, as well as Culture & Leisure, has declined since 2017/2018 by 24% and 4% respectively.
- The per capita spend in London Borough Councils has increased by 4% since 2017/2018, to £1,386 per capita.
- London Borough Councils spent 36% of their total third party expenditure on SME's. Whilst the percentage of spend with SME's has increased by 7%, the actual number of SME's London Borough councils spend with has declined by 11%.

This is how Unitary and Combined Authority Councils spent against the total £63bn third party expenditure in 2019/2020 …



Percentages are not adjusted for inflation

Commentary

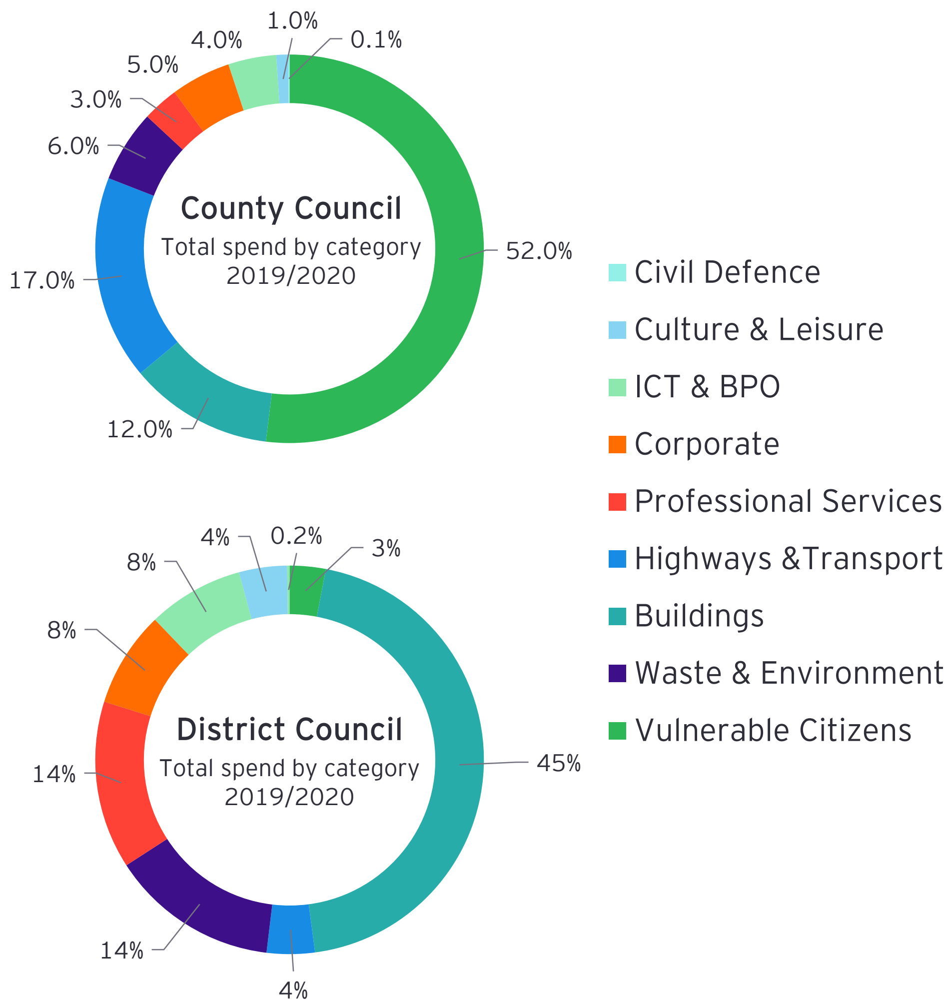
Unitary Councils:

- Third party spend in Unitary Councils has increased by 15% since 2017/2018. This is above inflation and is skewed by the fact that a number of councils have converted to unitary councils during this period.
- The largest category of spend for Unitary Councils in 2019/2020 was Vulnerable citizens, making up 39% of the total spend. This is consistently the highest category of spend for this type of council over the last 3 years.
- The expenditure within the Culture & Leisure category has declined since 2017/2018 by 2%.
- The per capita spend in Unitary Councils has increased by 4% since 2017/18, to £1,003 per capita.
- Unitary Councils spent 39% of their total third party expenditure on SME's. Whilst the percentage of spend with SME's has increased by 18%, the actual number of SME's Unitary councils spend with has declined by 9%.

Combined Authority:

- Third party spend in Combined Authority Councils has increased by 43% since 2017/2018, primarily due to the creation of a number of new CAs.
- The largest category of spend for Combined Authority Councils in 2019/2020 was Highways and Transport, making up 46% of the total spend. This is consistently the highest category of spend for this type of council over the last 3 years.
- However, expenditure with Highways &Transport, as well as Civil Defence, has declined since 2017/2018 by 19% and 9% respectively.
- Combined Authority Councils spent 25% of their total third party expenditure on SME's. Whilst the percentage of spend with SME's has increased by 103%, the actual number of SME's Combined Authority councils spent with has declined by 13%.

This is how County and District Councils spent against the total £63bn third party expenditure in 2019/2020 …



Percentages are not adjusted for inflation

Commentary

County Council:

- Third party spend in County Councils has increased by 7% since 2017/2018. This is below inflation, however some County councils have converted to unitary councils during this period.
- The largest category of spend for County Councils in 2019/2020 was Vulnerable citizens, making up 52% of the total spend. This is consistently the highest category of spend for this type of council over the last 3 years.
- The expenditure within the Culture & Leisure, as well as buildings categories has declined since 2017/2018 by 15% and 7% respectively, when inflation is taken into account, this represents a large reduction in real terms expenditure.
- The per capita spend in County councils has increased by 9% since 2017/2018, to £748 per capita.
- County Councils spent 39% of their total third party expenditure on SME's. Whilst the percentage of spend with SME's has increased by 15%, the actual number of SME's County councils spend with has declined by 8%.

District Council:

- Third party spend in District Councils has increased by 8% since 2017/2018, slightly below the rate of inflation for the same period.
- The largest category of spend for District Council's in 2019/2020 was buildings, making up 45% of the total spend. This is consistently the highest category of spend for this type of council over the last 3 years.
- The per capita spend in District councils has increased by 8% since 2017/2018, to £232 per capita.
- District Councils spent 38% of their total third party expenditure on SME's. Whilst the percentage of spend with SME's has increased by 9%, the actual number of SME's District councils spend with has declined by 14%.

2.2

National Expenditure Analysis - Spend Categories

National Expenditure Data by Category – Introduction

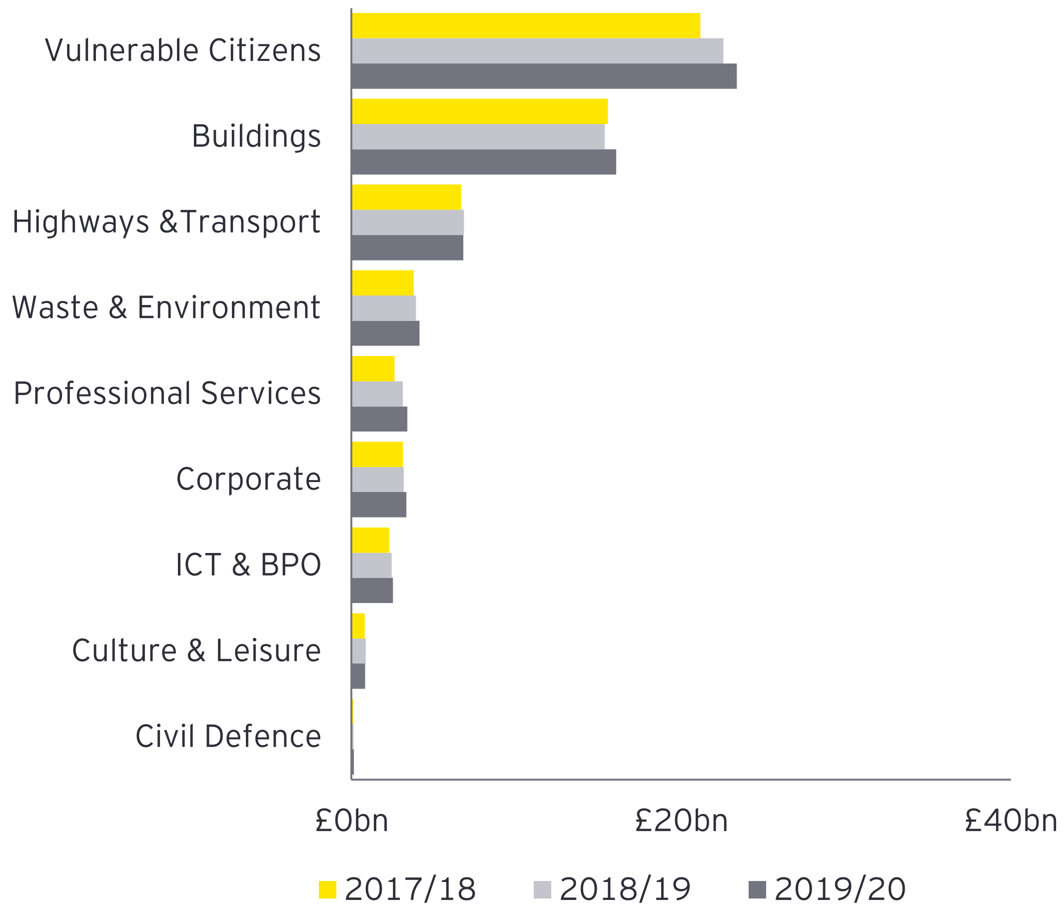
- Expenditure has been apportioned by Oxygen Finance against nine categories where spend has been incurred with third parties either as revenue or capital spend. Overleaf we explore a summary of this spend on a national level, and provide further insight into each category. Some notable insights include:
  - Total third party expenditure has seen a 9.7% increase since 2017/2018, with spend now exceeding £63.1bn. All categories have seen an expenditure increase over the last three years.
  - The categories with the highest percentage increase in expenditure in the last three years are Professional Services (though this category is distorted through the increase in neutral vendors in this category often delivering more than just professional services activity) and Civil Defence with a 30% and 20% increase, respectively.
  - The categories with the lowest percentage increase in expenditure since 2017/2018 are Culture & Leisure and Highways & Transport both with only a 2% increase. This is below inflation and represents a real term reduction in spending on Culture & Leisure, as many Councils have reduced funding to support this discretionary service and increasingly expect venues to become self sufficient.

Percentages are not adjusted for inflation

Culture & Leisure	Including Leisure, Libraries and Tourism
Vulnerable citizens	Including Adults, Children's, Public Health and Homelessness
ICT & Business process outsourcing (BPO)	Including back office admin, IT, digital and Document management services
Corporate	Including Communication, Marketing, Agency Staff, Office supplies, Travel and Benefits
Waste & Environment	Including Waste, Grounds Maintenance, Conservation, Farms and Cemeteries & Crematoriums
Professional Services	Including Legal Services, Financial Services, Insurance Services and Claims, Management and Transformation Consultancy, Pensions and Audit
Buildings	Including Property Construction, Facilities Management, Housing management services, Construction, Utilities and Parking
Highways & Transport	Including Infrastructure, Transport, Fleet and Street lighting
Civil Defence	Including Health & Safety, Probation, Emergency, Asylum and Migration

All nine categories have seen an increase in spending over the last three years ...

Third party spend across category 2017/2018- 2019/2020



Commentary

- Vulnerable Citizen spend has consistently increased year on year, up by an average of over £1bn per annum.
- Building and Highways spend fluctuates year on year, representing the cyclical nature of project work and major investments, but has remained broadly flat.
- Waste & Environment is continuing to increase in expenditure, with tighter environmental controls, increased recycling targets and the major push towards carbon neutrality, with many Councils signing up to Carbon Pledges and committing to going carbon neutral by 2030 or sooner.
- Professional Services, Corporate and ICT & BPO have all steadily been increasing over the last 3 years.
- Culture and Leisure spend is flat but has decreased over the last year as many councils try to move these discretionary services to move revenue neutral models with generally reducing subsidies/support.

A small proportion of spend is pending categorisation, therefore has not been apportioned to specific categories of spend in this chart

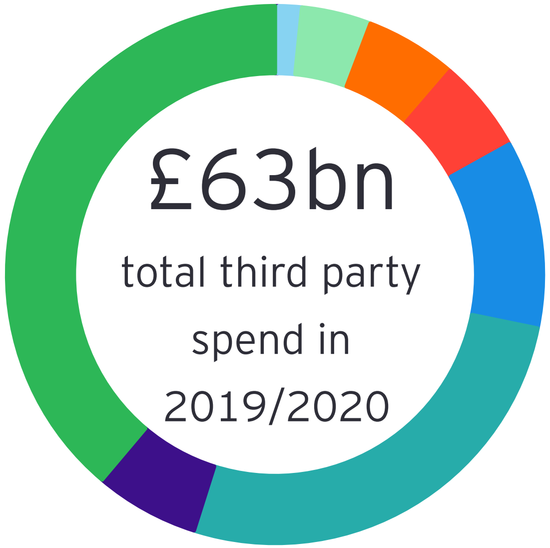
This is how spend was apportioned against each category in 2019/2020 …

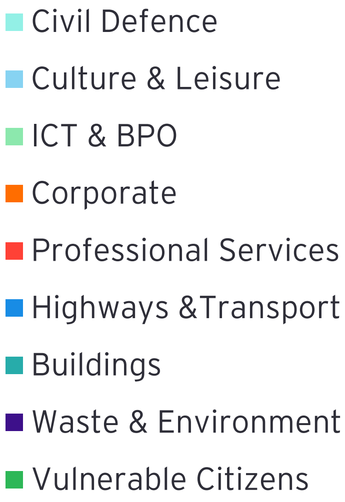
Civil Defence
£0.14bn spent in 2019/2020

Culture & Leisure
£0.83bn spent in 2019/2020

Vulnerable citizens
£23.4bn spent in 2019/2020

ICT & BPO
£2.5bn spent in 2019/2020





Waste & Environment
£4.1bn spent in 2019/2020

Corporate
£3.3bn spent in 2019/2020

Buildings
£16.1bn spent in 2019/2020

Highways & Transport
£6.8bn spent in 2019/2020

Professional Services
£3.4bn spent in 2019/2020

Click each box to be directed straight to the relevant category page for a detailed analysis of spend

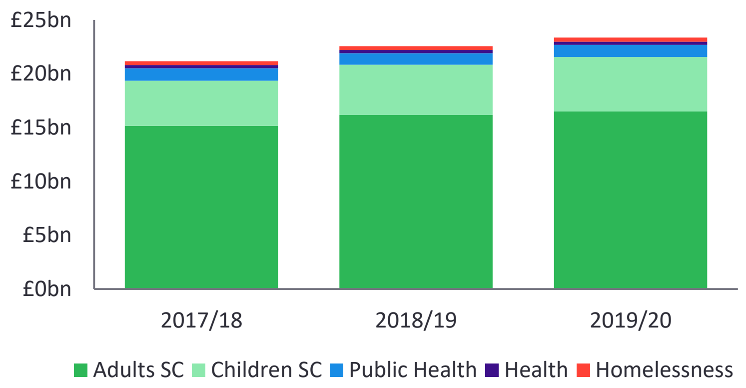
A small proportion of spend is pending categorisation, therefore has not been apportioned to specific categories of spend in this chart

Vulnerable citizens Category – a view of the last three years …

Category Headline Facts

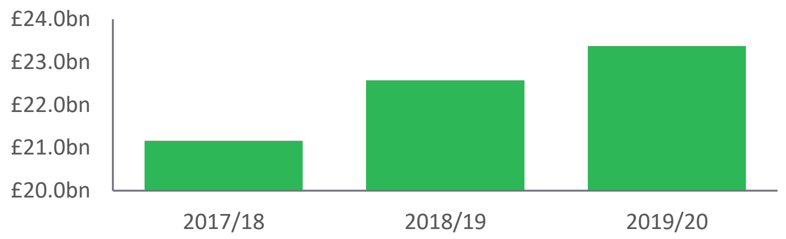
- Total spend (2019/2020): £23.4bn
- The largest third party spend area for Local Authorities nationally
- Highest sub-category: Adult Social Care (£15.1bn)
- Residential and nursing care spend was 50% of total Adult social care spend in 19/20

Sub-Category Breakdown for 2017/18 to 2019/20



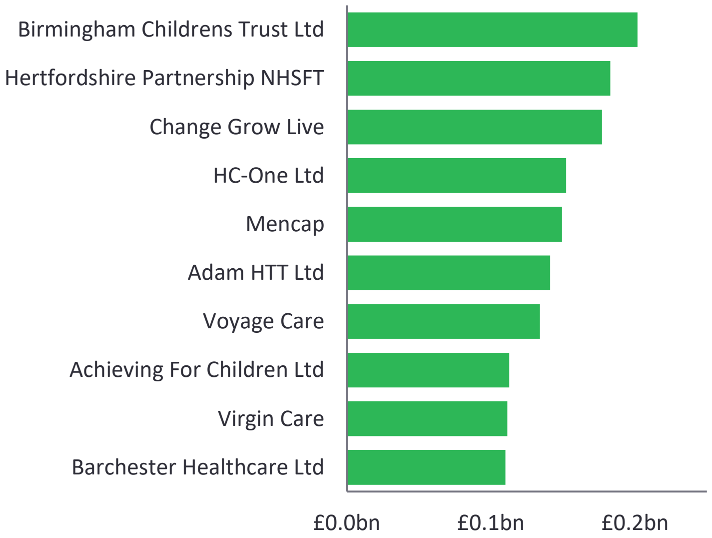
- The 3 year spend trend is up by 10%
- Children's social care increased most within the category, increasing by 20% since 2017/2018
- The amount spent on Public health with third parties since 2017/2018 decreased by 3%
- The top 80% of spend (£18.2bn) is attributed to 2,682 suppliers

Category spend over three years



The average annual increase over the last three years is 5%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020



Commentary

Adults Social care & Health:

- Social care is the largest spend area for Local Authorities, consistently outpacing inflation.
- In the past two years, residential spend has only increased by 4%, but community services has increased by 10%, representing the national trend to move away from institutional care and towards more preventative services. There is also a major shift towards direct payments, supporting independence in old age.
- With the exception of the Children's Trust in Birmingham, the high spend suppliers in this category are primarily in relation to residential and nursing care providers, community health providers, temporary accommodation and home care. Provider failure in this area is a major risk.
- Adam HTT is a master vendor, facilitating delivery for neutral vendors.

Children's Social Care:

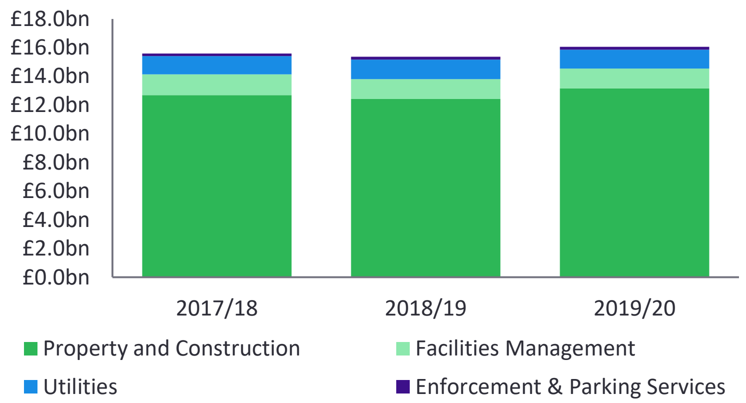
- Third party expenditure related to Children's social care has increased by 20% over the last three years, driven by an increase in demand for statutory support. Placements costs for Looked After Children are rising as demand exceeds capacity. Fluctuating demand further increases market pressure.

Buildings Category – a view of the last three years …

Category Headline Facts

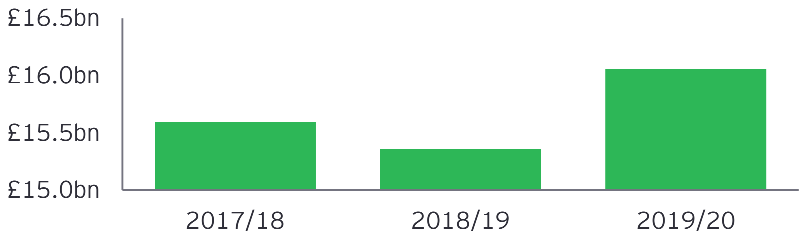
- Total spend (2019/2020): £16.1bn
- Highest sub-category: Property and Construction (£13.15bn)
- This is a top three spend area for all Council types

Sub-Category Breakdown for 2017/18 to 2019/20



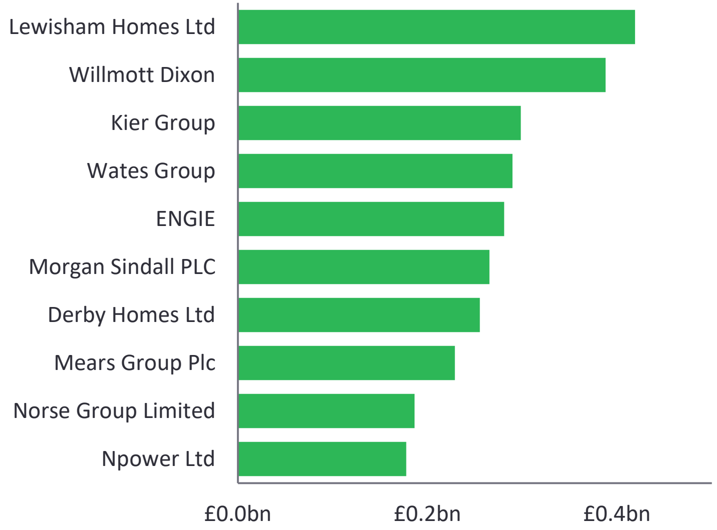
- The 3 year spend trend is up by 3%
- The amount spent on Facilities Management since 2017/2018 decreased the most, by 4%
- The top 80% of spend (£14.1bn) is attributed to 1,547 suppliers

Category spend over three years



The average annual increase over the last three years is 2%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020



Commentary

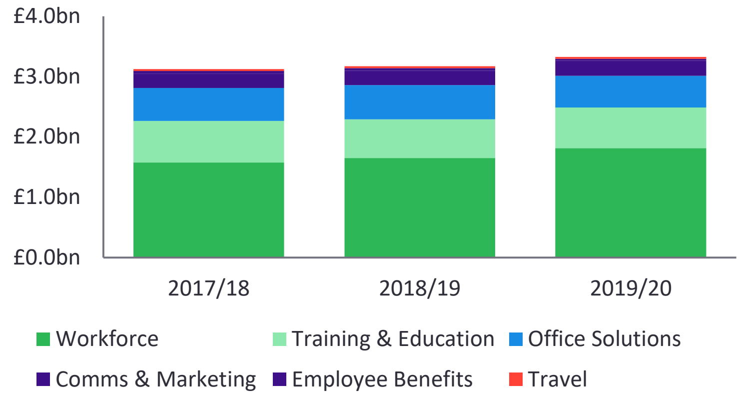
- The category is dominated by a handful of national players.
- Housing remains a prominent Government agenda, with little capacity to direct builds, large third party developers will remain an important part of Council third party spending.
- In an uncertain post COVID-19 environment, Council asset strategies will require new thinking, as town centres, commercial and retail change around disrupted and transformed societal behaviours.
- Reducing facilities management third party expenditure may reflect more targeted commercial negotiations with outsourced providers, or pessimistically, reduced spend maintaining public places in difficult financial conditions.
- Global trends will influence property and construction spend as Councils enhance their criteria around net zero, carbon neutrality and active travel.

Corporate Category – a view of the last three years …

Category Headline Facts

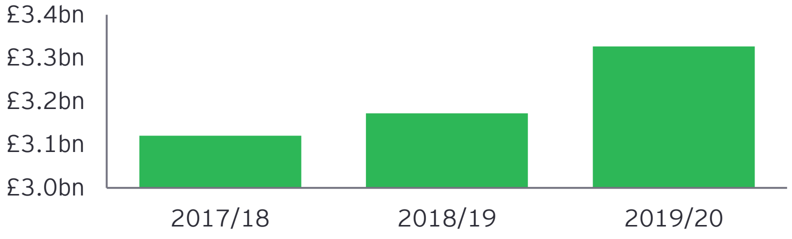
- Total spend (2019/2020): £3.3bn
- Highest sub-category: Workforce (£1.82bn)

Sub-Category Breakdown for 2017/18 to 2019/20



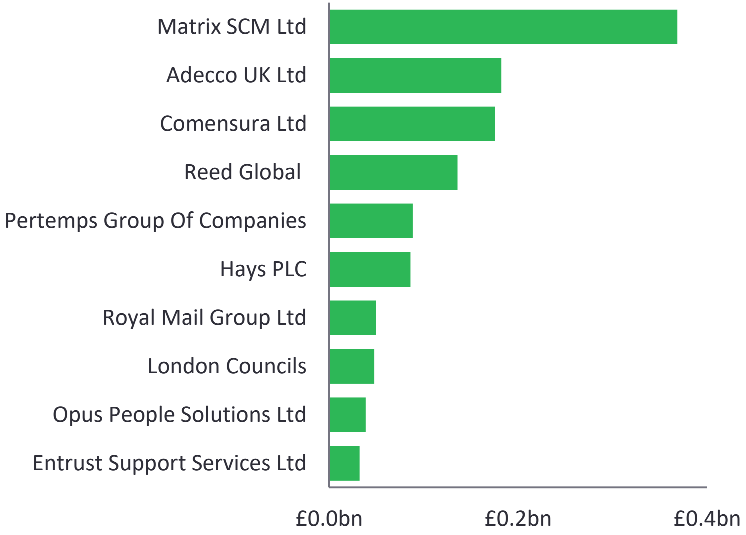
- The 3 year spend trend is up by 7%
- Workforce increased the most within the category, at 16% since 2017/2018
- The amount spent on Employee benefits since 2017/2018 decreased the most, by 30%.
- The top 80% of spend (£2.73bn) is attributed to 417 suppliers

Category spend over three years



The average annual increase over the last three years is 3%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020



Commentary

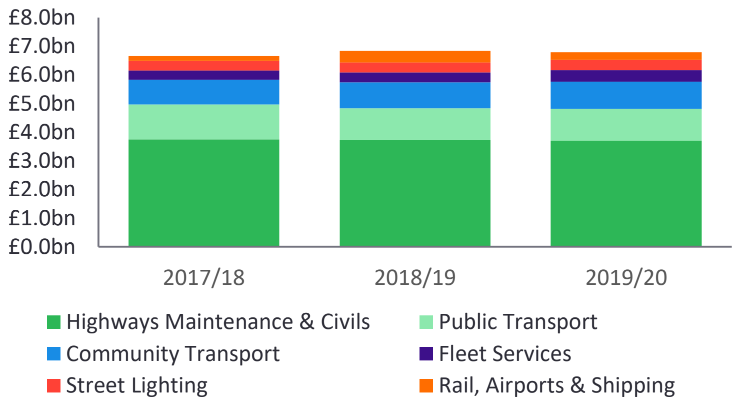
- Employing temporary workforce through temporary agencies has remained the largest corporate sub-category over the past three years. In each of the three years, this has risen, both as an absolute and relative percentage.
- Over the past three years many local authorities have put in place programmes to review, challenge and reduce reliance on agency staff. However, it is recognised that there is a genuine need in some areas to manage demand in seasonal services, and those with volatile demand.
- The top seven suppliers win this category are all national temporary agencies.
- There are well documented workforce challenges across social care, including pressures in the recruitment and retention of social workers, and a reliance on agency workers provided by third parties.
- Travel expenditure is relatively low but it should be noted that this would largely be paid for by employees and then reimbursed meaning it would not appear as third party expenditure.

Highways & Transport Category – a view of the last three years …

Category Headline Facts

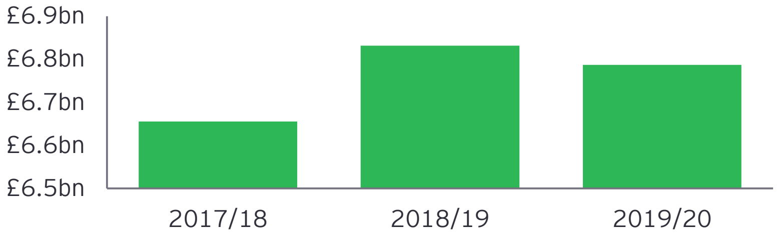
- Total spend (2019/2020): £6.8bn
- Highest sub-category: Highways Maintenance & Civils (£3.16bn)

Sub-Category Breakdown for 2017/18 to 2019/20



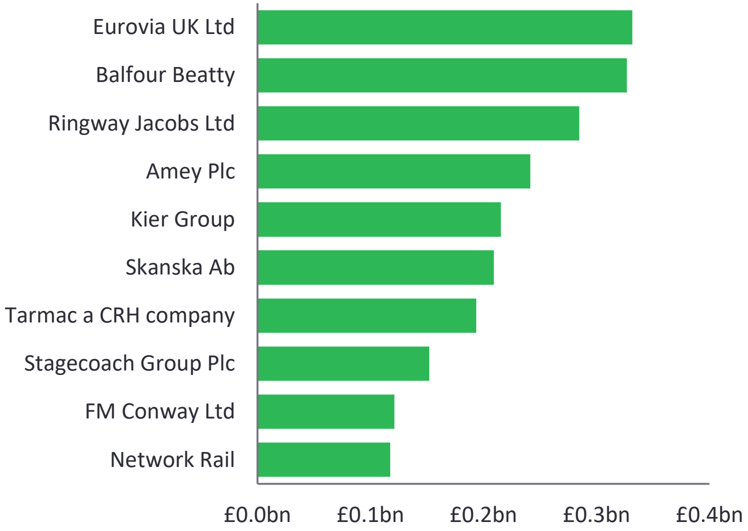
- The 3 year spend trend is up by 2%
- Rail, airports & shipping went up the most in percentage terms within the category, at 58% since 2017/2018
- The amount spent on Public Transport since 2017/2018 decreased the most, by 9%
- The top 80% of spend (£5.82bn) is attributed to 582 suppliers

Category spend over three years



The average annual increase over the last three years is 1%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020



Commentary

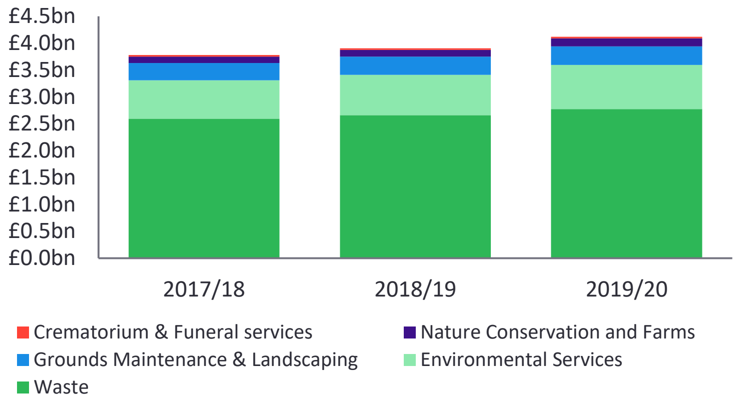
- Highways Maintenance and Civils, accounting for c.45% of Highways & Transport spend, has been consistent over the past three years
- Spending on public transport (primarily supported bus services) has reduced, in line with a fall in bus mileage and passengers, however increased spending on more flexible community transport has largely offset this
- There has been significant growth in spending on rail infrastructure and airports, driven by investment in new rail stations to support housing developments in Greater London, and airport expansion projects in the South East and North West.
- New major infrastructure and transport projects driven by the recently created combined authorities are making up for reductions by other types of Council.

Waste & Environment Category – a view of the last three years …

Category Headline Facts

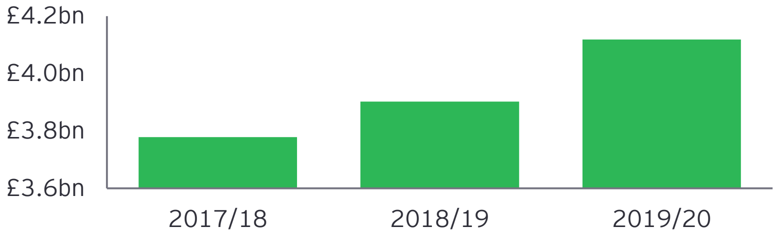
- Total spend (2019/2020): £4.1bn
- Highest sub-category: Waste (£2.77bn)

Sub-Category Breakdown for 2017/18 to 2019/20



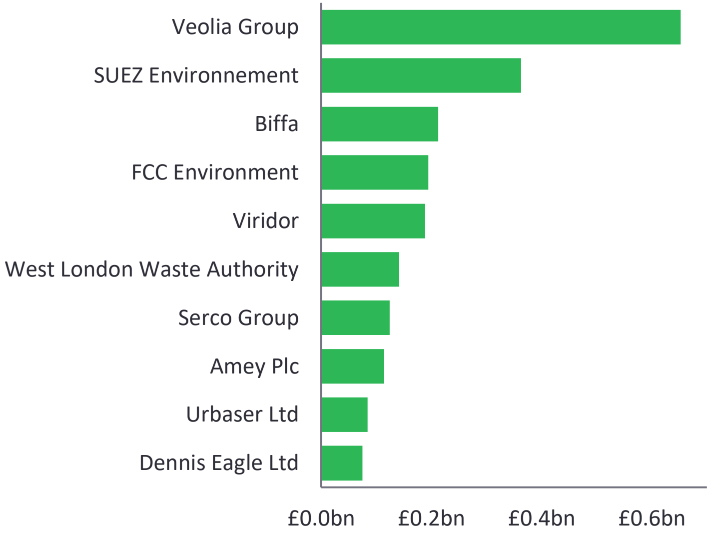
- The 3 year spend trend is up by 9%
- Nature conservation & farms had the biggest percentage increase, at 24% since 2017/2018, albeit on a relatively low spend base
- This is the only category where none of the subcategories spend decreased over the last 3 years
- The top 80% of spend (£3.78bn) is attributed to 286 suppliers

Category spend over three years



The average annual increase over the last three years is 4%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020



Commentary

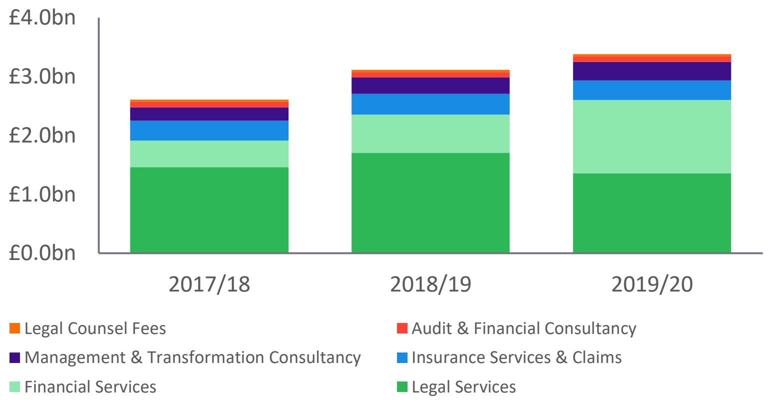
- Council waste expenditure is predominantly focused upon the collection & disposal of household waste, hence, the cost is closely tied to population size/growth.
- Various regulations have driven a change in collection to segregate recycling, food waste, green waste and diverting from landfill to minimise the environmental impact that has driven cost onto councils. Due to this, Councils have largely adapted their collection regimes.
- Treatment costs for residual waste are now largely tied into long term contracts linked to existing energy from waste facilities. However, some councils currently utilise overseas offtake contracts to Europe, which are likely to be unviable solutions in the longer term due to limited capacity and Brexit impacts.
- Environment services expenditure increase reflects the collection and treatment of other materials and a number of Councils taking on new contracts to comply with regulations.

Professional Services – a view of the last three years …

Category Headline Facts

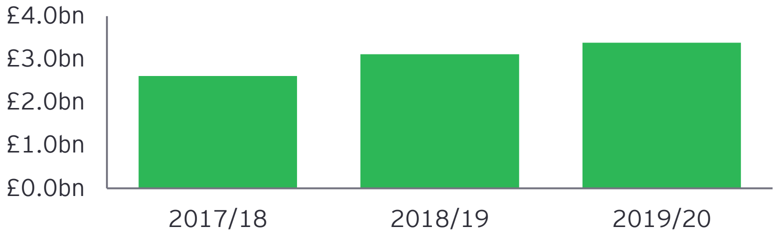
- Total spend (2019/2020): £3.4bn
- Highest sub-category: Legal Services (£1.36bn)

Sub-Category Breakdown for 2017/18 to 2019/20



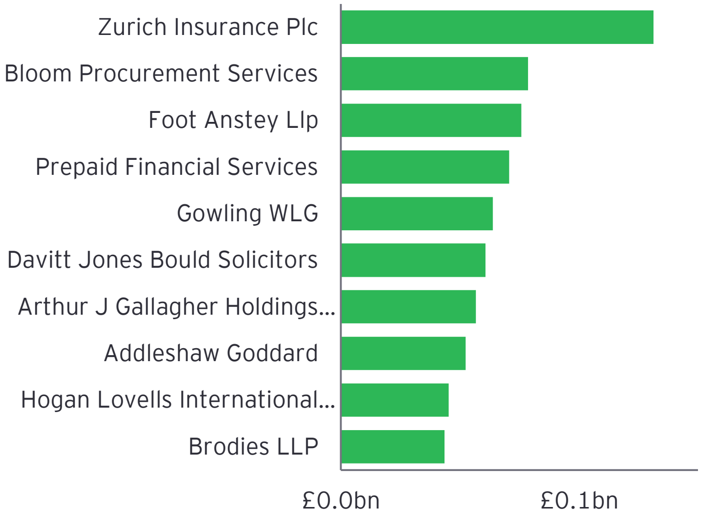
- The 3 year spend trend is up by 30%
- Financial Services increased the most in percentage terms from the category, at 176% since 2017/2018
- The amount spent on Legal Services since 2017/2018 decreased the most, by 7%
- The top 80% of spend (£3bn) is attributed to 296 suppliers

Category spend over three years



The average annual increase over the last three years is 14%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020*



Commentary

Legal:

- Third party expenditure on Legal Services has seen a 7% decline since 2017/2018, whilst expenditure on Legal Counsel has been steady over the past three years.
- There are a number of factors that could be contribute towards this reduction including the continued pressure on fees paid to legal firms, capacity of inhouse departments to respond to requirements, and less major projects requiring additional commercial and legal fees.

Financial:

- A number of Councils have transferred their pension funds over this period which is driving a big increase in the "Financial Services" expenditure.
- A number of neutral vendors are used for a range of professional services.

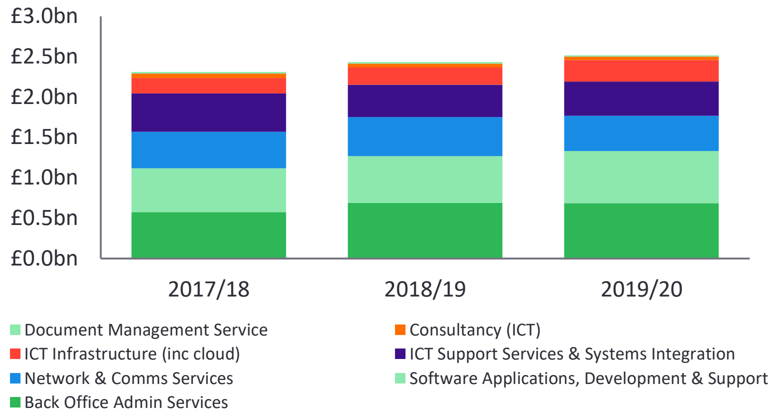
* Large investment spend from single Local Authorities has been removed from the supplier summary analysis

ICT & Business Process Outsourcing (BPO) Market – a view of the last three years …

Category Headline Facts

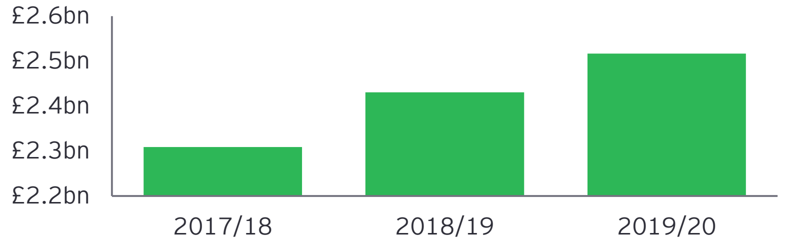
- Total spend (2019/2020): £2.5bn
- Highest sub-category: Back Office Admin Services (£685.94m)

Sub-Category Breakdown for 2017/18 to 2019/20



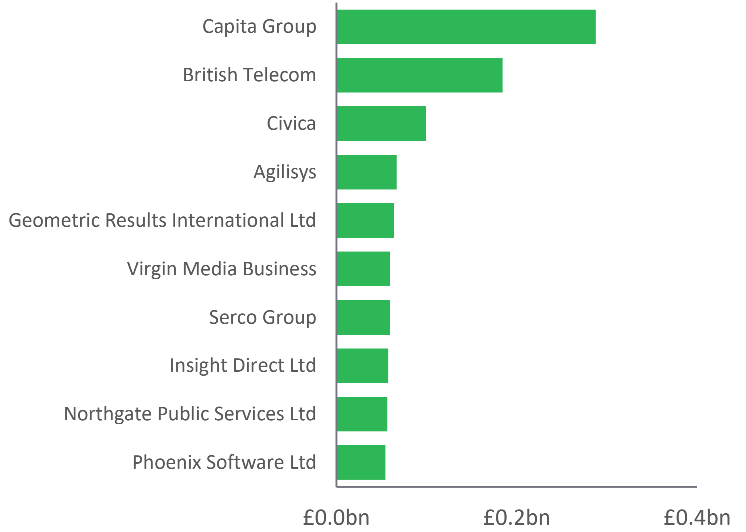
- The 3 year spend trend is up by 9%
- ICT Infrastructure increased the most from the category in percentage terms, at 41% since 2017/2018
- The amount spent on Consultancy (ICT) since 2017/2018 decreased the most, by 26%
- The top 80% of spend (£2.18bn) is attributed to 252 suppliers

Category spend over three years



The average annual increase over the last three years is 4%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020



Commentary

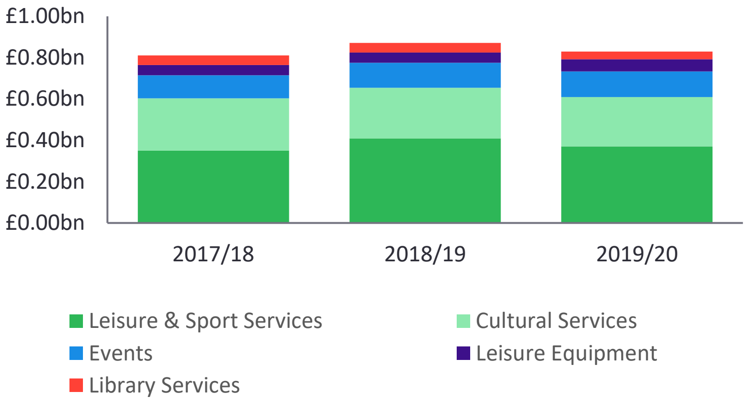
- The last three years have seen a targeted drive to move more applications to the cloud. Third party expenditure has increased by 41% over the last three years. Most local authorities have a cloud first strategy so prioritised spend will likely continue in this area.
- Many local authorities are renewing, or are in the process of renewing, core back office systems and are looking to maximise their existing investment in collaboration software in order to integrate their front and back office.
- There has been a significant decrease in ICT Consultancy spend, by 21% over the three year period. Local authorities are becoming more targeted in the specialist support they require.
- The Digital agenda will continue to dominate, and the continued increase in software spend will likely continue. As tools such as Intelligent Automation, Artificial Intelligence and Machine Learning continue to develop, investment in the software and the agile delivery skills to implement these tools will likely continue.

Culture and Leisure Market – a view of the last three years …

Category Headline Facts

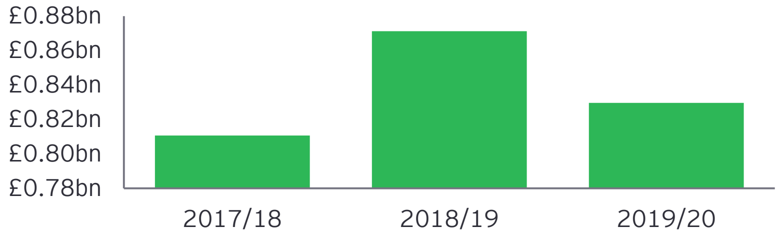
- Total spend (2019/2020): £830m
- Highest sub-category: Leisure & Sport Services (£369.88m)

Sub-Category Breakdown for 2017/18 to 2019/20



- The 3 year spend trend is up by 2%
- Leisure equipment increased the most in percentage terms from the category, at 23% since 2017/2018
- The amount spent on Library Services since 2017/2018 decreased by 22%
- The top 80% of spend (£0.51bn) is attributed to 141 suppliers

Category spend over three years



The average annual increase over the last three years is 1%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020

Commentary

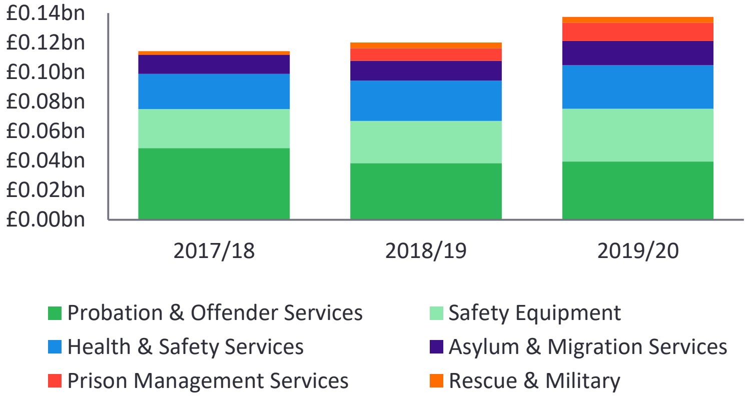
- Leisure and sport services expenditure make up the largest proportion of overall spending (c. 45%).
- Alongside this, expenditure on leisure equipment has grown by nearly a quarter over the period.
- The combined spending on leisure and sport is therefore now more than 50% of the total and with three year growth of around 8%, this reflects the growing movement towards greater investment in health and fitness.
- When looking at cultural services and events, overall spend across the two is broadly consistent across the three year period, albeit with a swing towards events away from cultural services.
- Library services expenditure with third parties has the biggest decrease, falling by over 20%, reflecting the national trend for library closures and transfer of assets to local communities.
- This spending category as a whole is likely to be one of the most challenged as a result of the COVID-19 pandemic.

Civil Defence Category – a view of the last three years …

Category Headline Facts

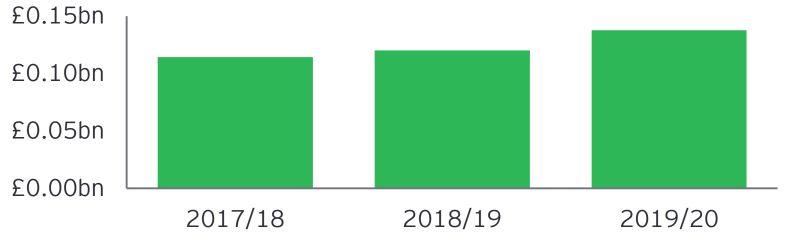
- Total spend (2019/2020): £137.2mn
- Highest sub-category: Probation & Offender Services (£39.46mn)

Sub-Category Breakdown for 2017/18 to 2019/20



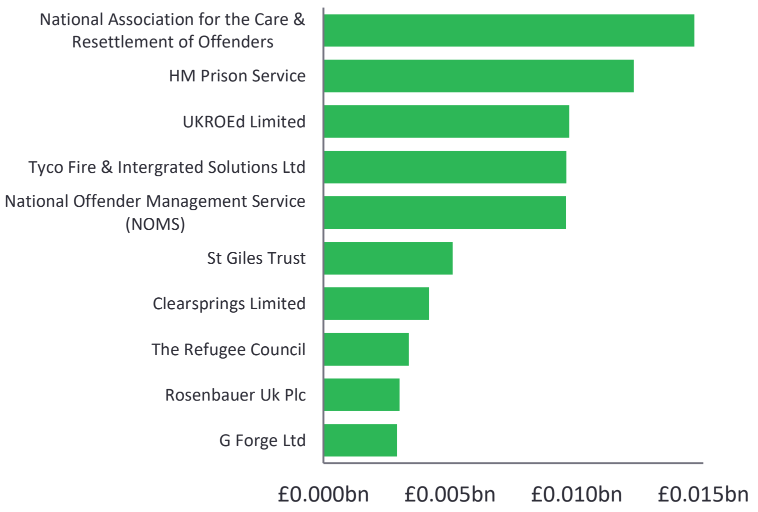
- The 3 year spend trend is up by 20%
- Prison Management Services Rescue & Military increased the most in percentage terms from the category since 2017/2018
- The amount spent on Probation & Offender Services since 2017/2018 decreased by 19%
- The top 80% of spend (£0.098bn) is attributed to 46 suppliers

Category spend over three years



The average annual increase over the last three years is 10%. The above chart shows significant changes in trend compared to the 'Category Breakdown' chart due to varied denominations being used in the Y axis.

Highest Spend Supplier Summary for 2019/2020



Commentary

- This category has the lowest expenditure in terms of third party spend.
- Some of the services, specifically, probation and offender services and prison management services are predominately funded through Central Government with minor devolved responsibilities to Local Authorities.
- Probation and offender services make up the largest spend in this category for 2019/2020, with 28.5% of total category spend. However when compared to Central Government expenditure for the same year, this is a fraction of the amount being spent by Central Government.
- Similarly, although Prison management services has seen a significant increase in spend over the last three years within this category, this is again a fraction of the Central Government's expenditure in this area.
- Safety equipment is the second highest spend sub-category in this category, with fire safety being the dominant spend area.

3 Regional Expenditure Analysis

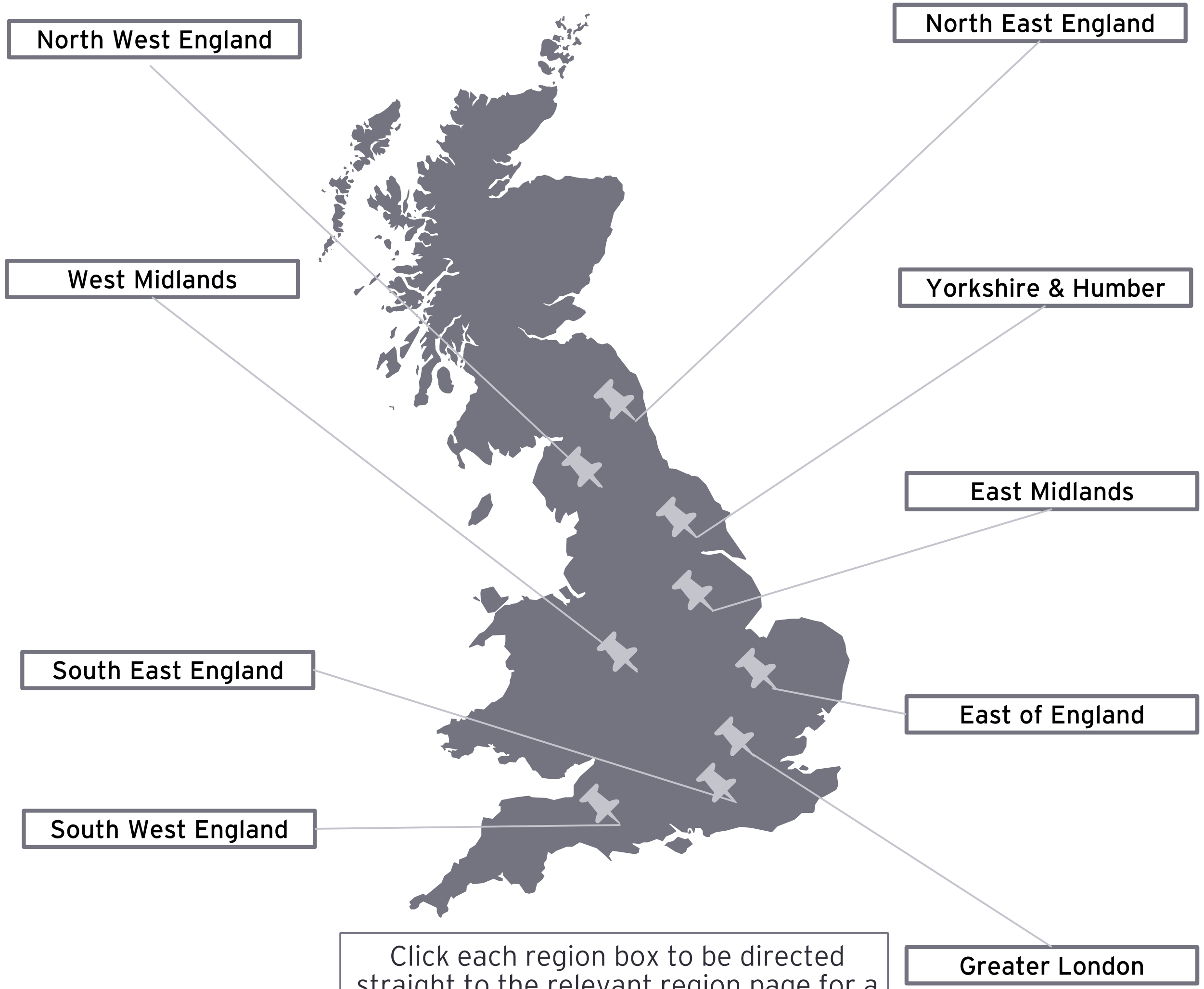
Regional Expenditure Data – Introduction

This section explores the spending patterns of each of nine regions across England, including the per capita spending and spending with small, medium enterprises (SMEs.)

There is some significant regional variations in expenditure with third parties. Some notable findings are:

- East of England has had the highest growth with a three year trend of spending up by 22%. This is more than double the level of inflation
- The North West has seen a third party expenditure increase of 6% from 2017/2018, however this is significantly below inflation over the past three years.
- Local authorities in the Greater London region have the highest per capita third party spend compared to the other regions, spending £1,386 per capita, whereas the West Midlands region has the lowest third party per capita spend at £985.
- The Professional Services category has increased in third party spend in some regions such as, East Midlands, the East of England and Yorkshire and Humber whilst it has declined in spending in Greater London.
- Civil defence is another category that has seen significant third party expenditure growth in some regions, specifically, North west, South East, South West and West Midlands whilst seeing a decline in the North East of England.
- Third party expenditure on Culture and Leisure appears to be have had a large decline in East Midlands and the South West of England, seeing a decline almost double that of Inflation in both regions.

*Percentages not adjusted for inflation



Click each region box to be directed straight to the relevant region page for a detailed analysis of spend

This section explores third party spend across nine English regions

North West England
12.2% of total third party spend in 2019/2020
Three year spend trend is +6%
Total spend of £7.6bn

West Midlands
9.6% of total third party spend in 2019/2020
Three year spend trend is +15%
Total spend of £6bn

South East England
15.4% of total third party spend in 2019/2020
Three year spend trend is +9%
Total spend of £9.7bn

South West England
9.2% of total third party spend in 2019/2020
Three year spend trend is +8%
Total spend of £5.7bn

North East England
4.7% of total third party spend in 2019/2020
Three year spend trend is +9%
Total spend of £2.9bn

Yorkshire & Humber
9% of total third party spend in 2019/2020
3 year spend trend is +7%
Total spend of £5.6bn

East Midlands
8% of total third party spend in 2019/2020
Three year spend trend is +9%
Total spend of £5bn

East of England
14.1% of total third party spend in 2019/2020
Three year spend trend is +22%
Total spend of £7bn

Greater London
20.5% of total third party spend in 2019/2020
Three year spend trend is +7%
Total spend of £12.9bn

The East Midlands region spent £5bn on third party spend in 2019/2020, here are some insights ...

£5bn

overall regional spend

(2019/2020)

3 year spend trend up by 9%

Highest spend suppliers:

- Derby Homes Ltd
- Via East Midlands Ltd
- Galliford Try Plc
- Northampton Partnership Homes
- Nottingham City Homes

£295m more spent on Professional Services

expenditure since 2017/2018

£81m less spent Buildings

expenditure since 2017/2018

£991

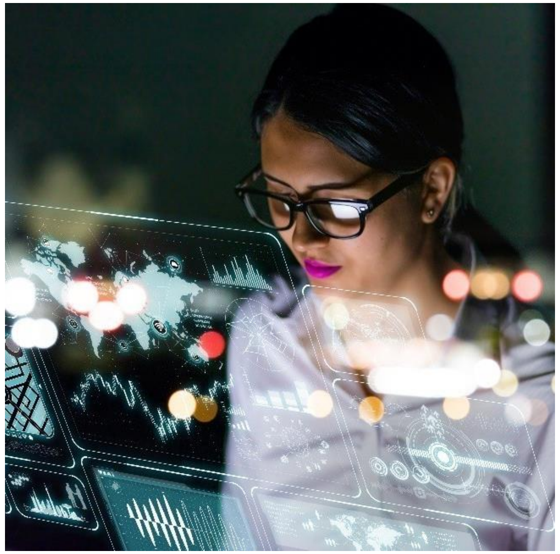
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways & Transport
- Professional Services
- Waste & Environment

£1.7bn

SME expenditure 2019/2020



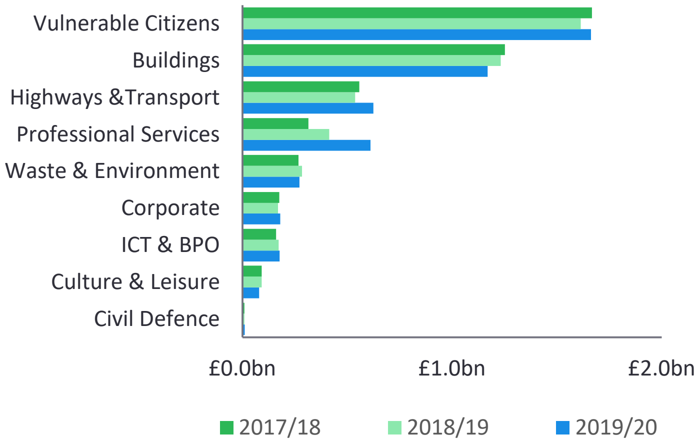
Developed by EY and Oxygen Finance in collaboration

East Midlands – a detailed view of third party expenditure for the region …

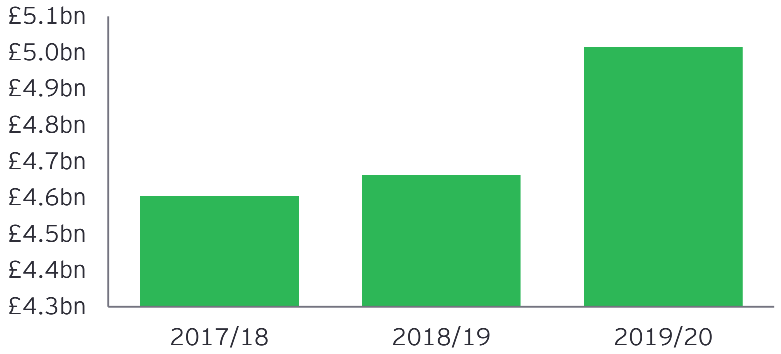
Regional Headline Facts

- Total third party spend for 2019/2020 in the East Midlands was £5bn.
- According to the Office of National Statistics, the total population in the West Midlands has grown by 1.35% since 2017/2018 and is now 4,835,928.
- Vulnerable citizens is the highest category of spend for the East Midlands with a total of £1.66bn spent in 2019/2020. This has stayed approximately the same since 2017/2018. The largest category of spend making up 75% of total Vulnerable citizens spend is Adults Health & Social Care.
- Building has seen the largest absolute spend decrease of £81m in the last three years, this is a 7% decrease in this category of expenditure

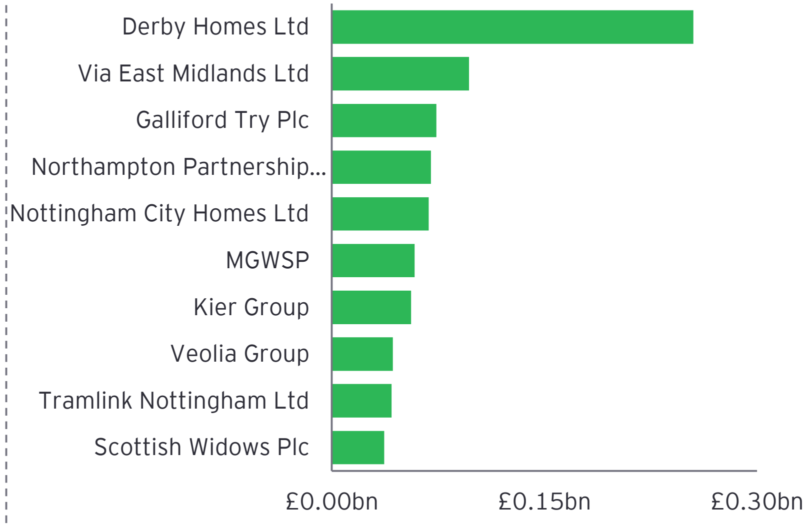
East Midlands spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020*



Commentary

- There has been a 9% increase in overall third party spend in the East Midlands region since 2017/2018.
- The per capita third party spend in the East Midlands has increased by 5% from 2017/2018 to 2019/2020, from £943 to £991 per capita. This is the 7th highest per capita third party spend in comparison to the other regions.
- The East Midlands has seen a 94% increase on Professional Services expenditure over the last three years. This is the largest increase of third party spend within the region.
- Buildings make up the largest absolute spend decrease for this region, with spend falling by £81m in the last 3 years.
- Culture & Leisure third party expenditure has fallen by 13% in the last years and has been predominately due to a 78% reduction in Tourism services third party expenditure. Conversely, within this same category, Leisure Equipment services have seen a 32% increase in third party expenditure since 2017/2018.
- This region is spending 35% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 6% to £1.7bn since 2017/2018
- Of the total spend in the region 4.7% was spent with other public authorities, trusts or companies.

* Large investment spend from single Local Authorities has been removed from the supplier summary analysis

The East of England region spent £7.2bn on third party spend in 2019/2020, here are some insights ...

£7.2bn
overall regional spend
(2019/2020)

3 year spend trend up by 22%

Highest spend suppliers:

- Hertfordshire Partnership NHSFT
- Kier Group
- Norse Group Limited
- Ringway Jacobs Ltd
- Saffron Building Society

£401m more spent on Vulnerable citizens
expenditure since 2017/2018

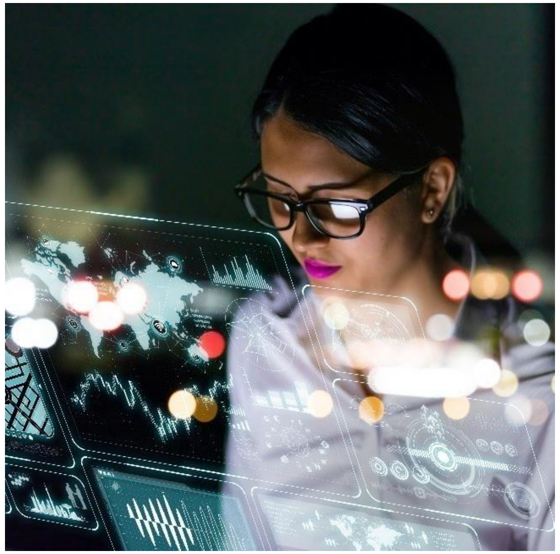
No categories had a decrease in expenditure since 2017/2018

£1,113
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways &Transport
- Waste & Environment
- Professional Services

£2.7bn
SME expenditure 2019/2020

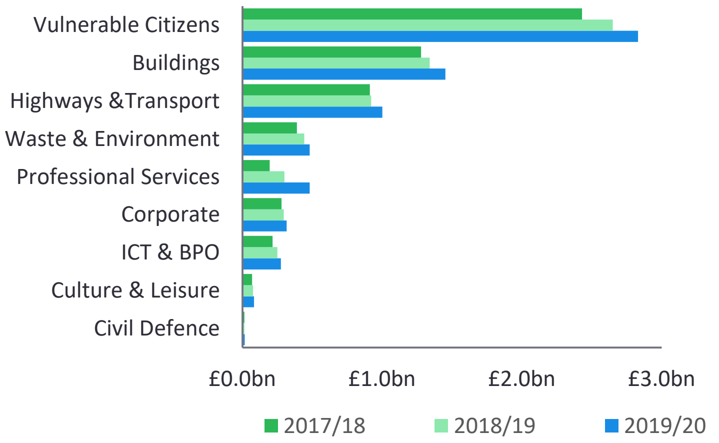


East of England – a detailed view of third party expenditure for the region …

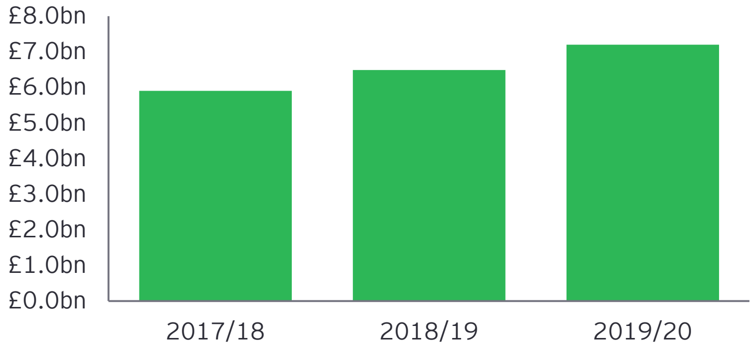
Regional Headline Facts

- Total third party spend for 2019/2020 in East of England was £7.2bn.
- According to the Office of National Statistics, the total population in East of England has grown by 1.10% since 2017/2018 and is now 6,236,072.
- Vulnerable citizens is the highest category of spend for East of England with a total of £2.8bn spent in 2019/2020. This is a 17% increase since 2017/2018. The largest category of spend making up 78% of total Vulnerable citizens spend is Adults Health & Social Care.
- None of the categories have declined in third party spend since 2017/2018.

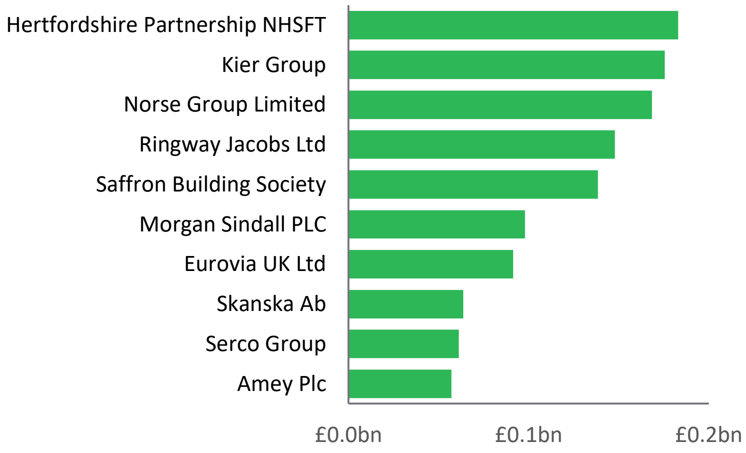
East of England spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020



Commentary

- There has been a 22% increase in overall third party spend in the East of England region since 2017/2018.
- The per capita spend in the East of England has increased by 19% from 2017/2018 to 2019/2020, from £938 to £1,113 per capita. This is the 2nd highest per capita third party spend in comparison to the other regions.
- East of England has seen a 147% increase on Professional Services expenditure over the last three years. In addition, absolute expenditure on Vulnerable citizens has increased by £401m in the same period, a 17% increase.
- This region is spending 37% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 25% to £2.7bn since 2017/2018
- Of the total spend in the region 3.3% was spent with other public authorities, trusts or companies.

The Greater London region spent £13bn on third party spend in 2019/2020, here are some insights ...

£13bn

overall regional spend

(2019/2020)

3 year spend trend up by 7%

Highest spend suppliers:

- Lewisham Homes Ltd
- Veolia Group
- Matrix SCM Ltd
- Adecco UK Ltd
- West London Waste Authority

£430m more spent on Vulnerable citizens

expenditure since 2017/2018

£162m less spent on Professional Services

expenditure since 2017/2018

£1,386

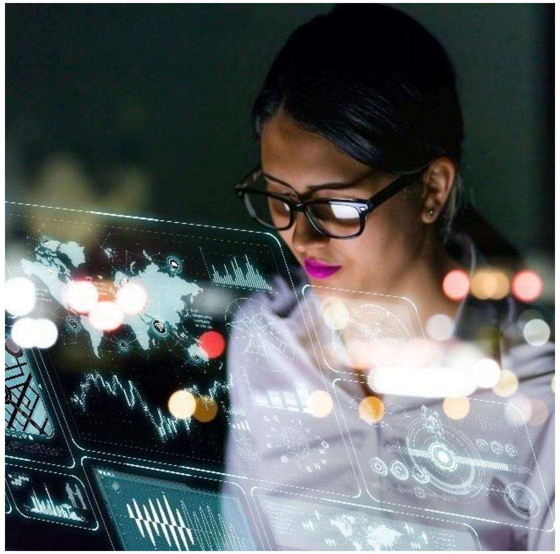
spend per capita 2019/2020

Biggest spend across the region are:

- Buildings
- Vulnerable citizens
- Corporate
- Waste & Environment
- Highways &Transport

£4.7bn

SME expenditure 2019/2020

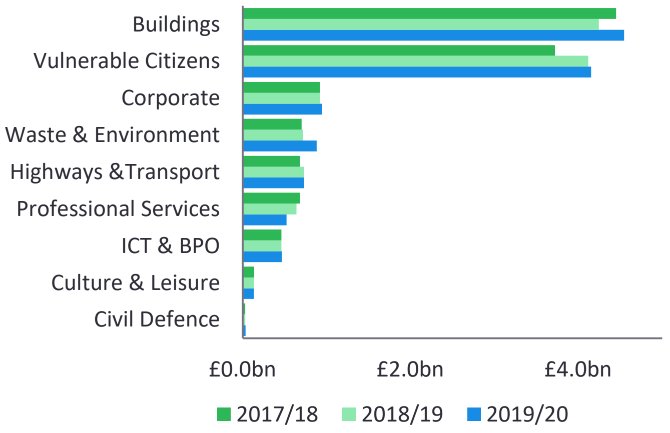


Greater London – a detailed view of third party expenditure for the region …

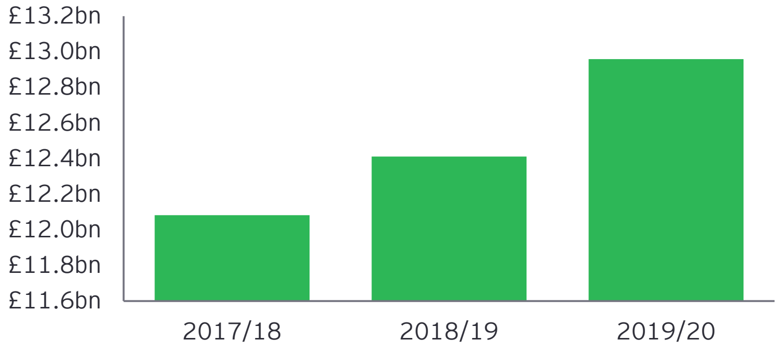
Regional Headline Facts

- Total third party spend for 2019/2020 in Greater London was £13bn.
- According to the Office of National Statistics, the total population in Greater London has grown by 1.55% since 2017/2018 and is now 8,961,989.
- Buildings is the highest category of spend for Greater London with a total of £4.55bn spent in 2019/2020. This is a 2% increase since 2017/2018. The largest category of spend making up 84% of total buildings spend is Property & Construction.
- Professional Services has had the biggest decline (by 24%) in third party spend since 2017/2018.

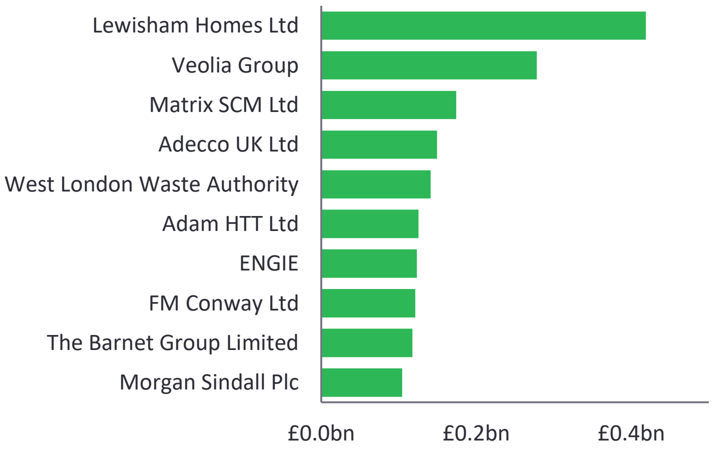
Grater London spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020



Commentary

- There has been a 7% increase in overall third party spend in the Greater London region since 2017/2018.
- The per capita spend in Greater London has increased by 4% from 2017/2018 to 2019/2020, from £1,338 to £1,386 per capita. This is the highest per capita third party spend in comparison to the other regions.
- Greater London has seen Vulnerable citizens expenditure increase by £430m in the last three years, a 12% increase. In addition there has been a 26% increase in third party spend on Waste & Environment expenditure over the last three years.
- The decline in Professional Services expenditure accounts for a £162m reduction in spend in this category for the region over the last three years.
- This region is spending 36% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 7% to £4.7bn since 2017/2018
- Of the total spend in the region 1.8% was spent with other public authorities, trusts or companies.

The North East region spent £3bn on third party spend in 2019/2020, here are some insights ...

£3bn

overall regional spend

(2019/2020)

3 year spend trend up by 9%

Highest spend suppliers:

- Nexus
- SUEZ Environment
- Kier Group
- Balfour Beatty
- ESH Investments Ltd

£168m more spent on Vulnerable citizens

expenditure since 2017/2018

£29m less spent on Corporate

expenditure since 2017/2018

£1,070

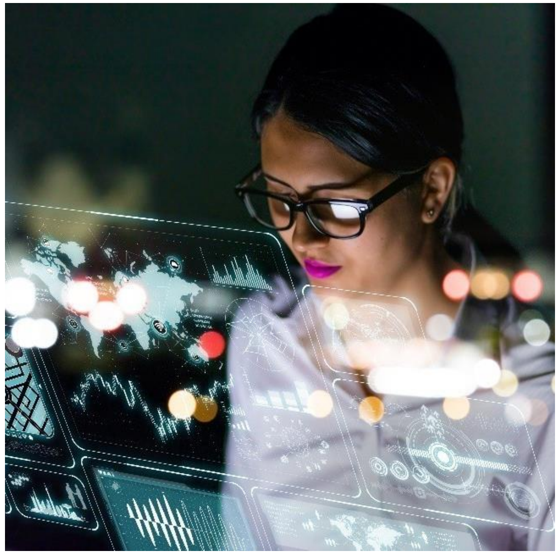
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways &Transport
- Waste & Environment
- ICT & BPO

£1.1bn

SME expenditure 2019/2020

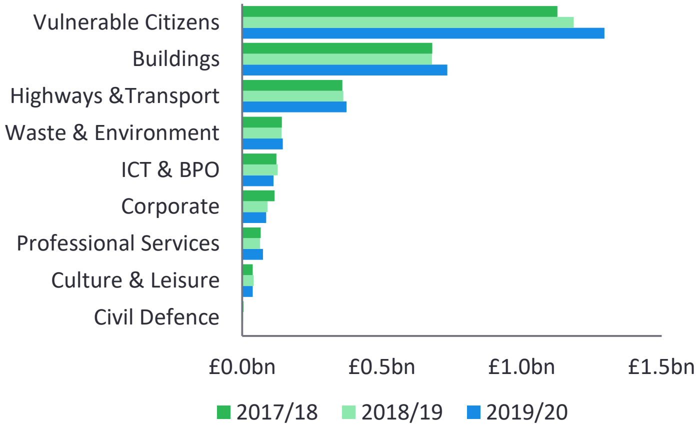


North East England – a detailed view of third party expenditure for the region …

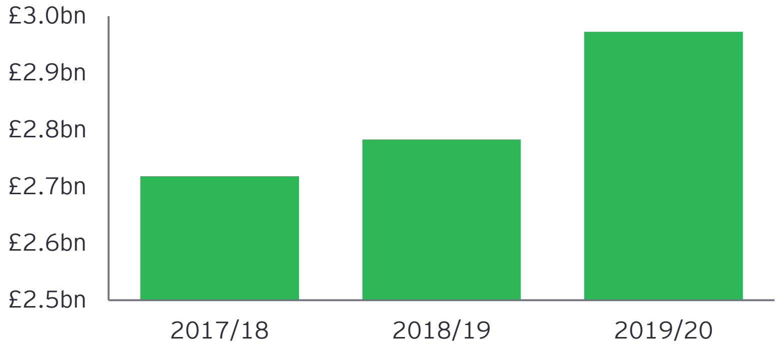
Regional Headline Facts

- Total third party spend for 2019/2020 in North East England was £3bn.
- According to the Office of National Statistics, the total population in North East England has grown by 0.95% since 2017/2018 and is now 2,669,941.
- Vulnerable citizens is the highest category of third party spend for North East England with a total of £1.3bn spent in 2019/2020. This is a 15% increase since 2017/2018. The largest category of spend making up 78% of total Vulnerable citizens spend is Adults Health & Social Care.
- Corporate has seen the largest absolute spend decrease of £29m in the last three years, this is a 26% decrease in this category of expenditure

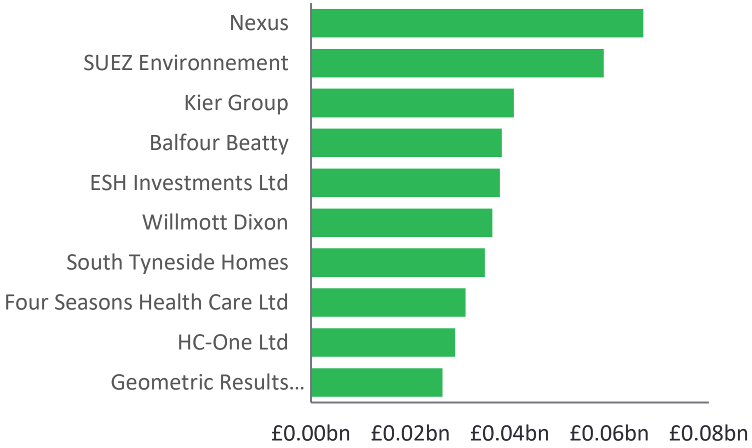
North East England spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020



Commentary

- There has been a 9% increase in overall third party spend in the North East England region since 2017/2018.
- The per capita spend in North East England has increased by 7% from 2017/2018 to 2019/2020, from £1,002 to £1,070 per capita. This is the 3rd highest per capita third party spend in comparison to the other regions.
- North East England has seen a 15% increase on Vulnerable citizens expenditure over the last three years. This is the largest increase of third party spend within the region, driven predominately by a 22% increase in Public Health Services.
- The Corporate spend category has seen a £29m spend decline in the last three years, this is driven almost wholly by a 60% reduction in recruitment and temporary agencies expenditure.
- This region is spending 39% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 15% to £1.1bn since 2017/2018
- Of the total spend in the region 8% was spent with other public authorities, trusts or companies.

The North West region spent £7.7bn on third party spend in 2019/2020, here are some insights …

£7.7bn

overall regional spend

(2019/2020)

3 year spend trend up by 6%

Highest spend suppliers:

- SUEZ Environment
- Balfour Beatty
- Amey Plc
- Stockport Homes Ltd
- Viridor

£201m spend increase on Vulnerable citizens

expenditure since 2017/2018

£39m less spent on Highways and Transport

expenditure since 2017/2018

£1,003

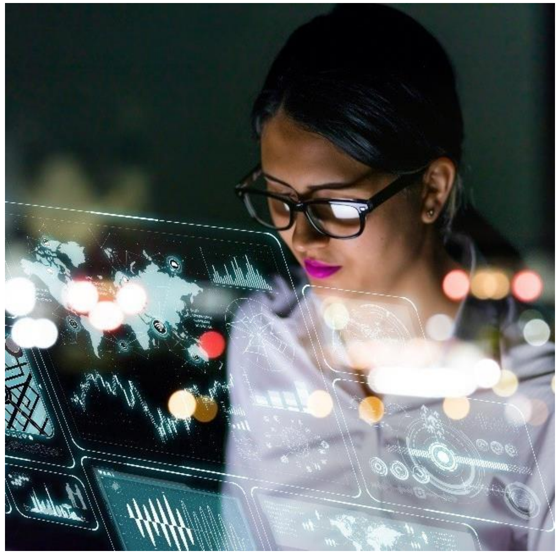
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways &Transport
- Waste & Environment
- Corporate

£3.1bn

SME expenditure 2019/2020

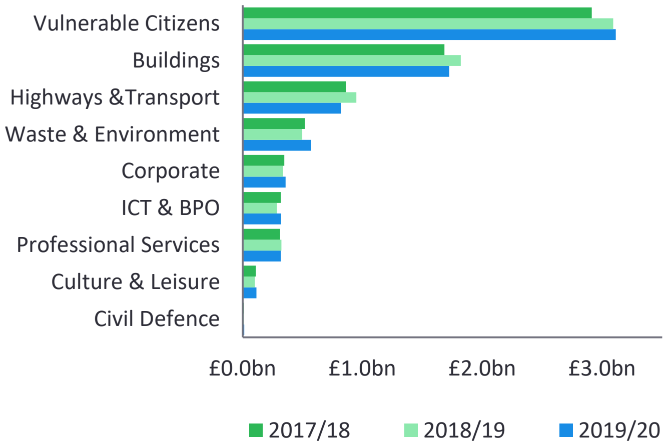


North West England – a detailed view of third party expenditure for the region …

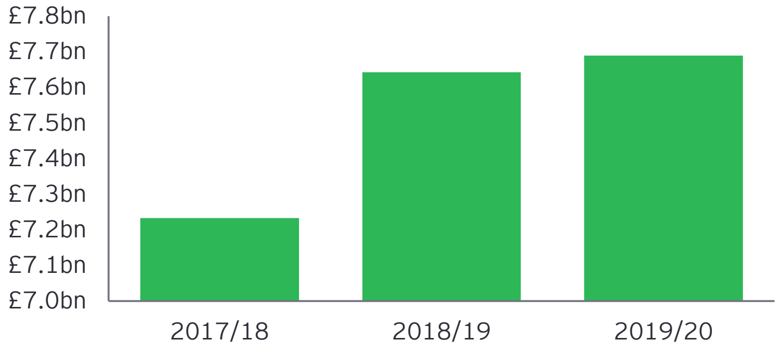
Regional Headline Facts

- Total third party spend for 2019/2020 in North West England was £7.7bn.
- According to the Office of National Statistics, the total population in North West England has grown by 1.14% since 2017/2018 and is now 7,341,196.
- Vulnerable citizens is the highest category of spend for North West England with a total of £3.1bn spent in 2019/2020. This is a 7% increase since 2017/2018. The largest category of spend making up 76% of total Vulnerable citizens spend is Adults Health & Social Care.
- Highways & Transport is the only category that declined (by 5%) in spend since 2017/2018, with the region spending £39m less.

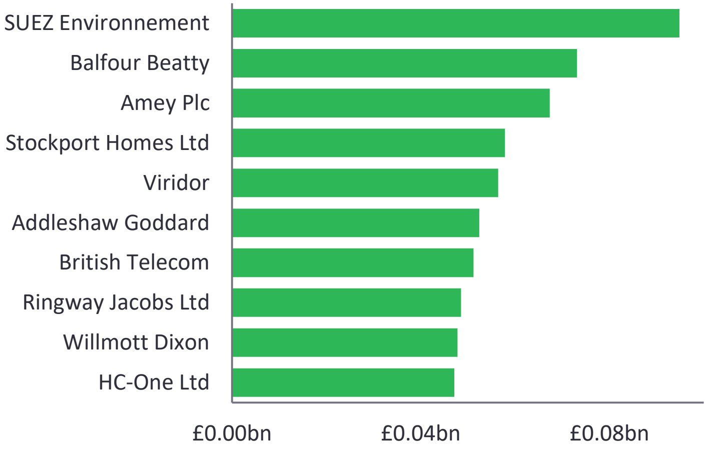
North West England spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020



Commentary

- There has been a 6% increase in overall third party spend in the North West England region since 2017/2018.
- The per capita spend in North West England has increased by 3% from 2017/2018 to 2019/2020, from £975 to £1,003 per capita. This is the 5th highest per capita third party spend in comparison to the other regions.
- North West England has seen a 7% increase on Vulnerable Citizen third party expenditure over the last three years, with an absolute spend increase of approx. £201m. This is largely driven by an £225m increase in spend on Adult Social care
- The decline in Highways & Transport expenditure has been predominately due to a 54% decline in Winter Maintenance services. Conversely, within Highways & Transport, Airport Services have seen a significant increase in third party expenditure since 2017/2018.
- This region is spending 40% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 17% to £3.1bn since 2017/2018
- Of the total spend in the region 3.1% was spent with other public authorities, trusts or companies.

The South East region spent £9.7bn on third party spend in 2019/2020, here are some insights ...

£9.7bn

overall regional spend

(2019/2020)

3 year spend trend up by 9%

Highest spend suppliers:

- Veolia Group
- Balfour Beatty
- Skanska Ab
- Victoria Square Woking Ltd
- Mears Group Plc

£165m more spent on Professional Services

expenditure since 2017/2018

£33m less spent on Waste & Environment

expenditure since 2017/2018

£1,006

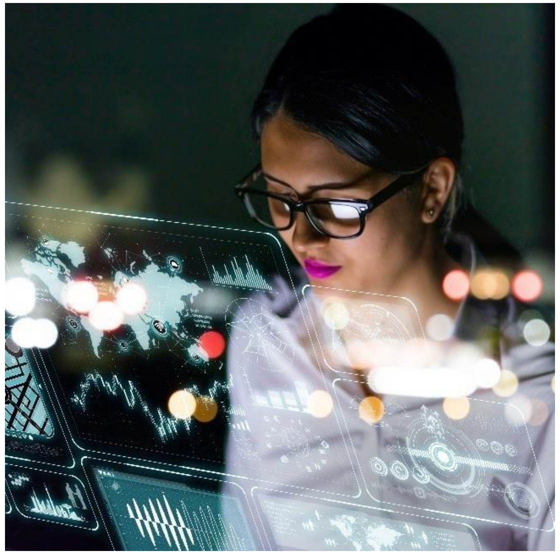
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways &Transport
- Professional Services
- Waste & Environment

£4bn

SME expenditure 2019/2020

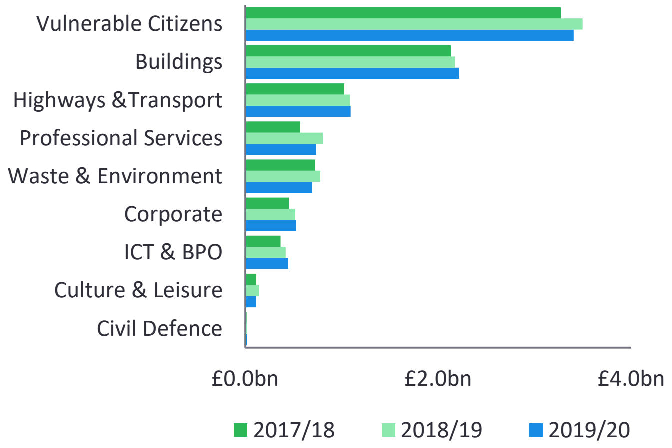


South East England – a detailed view of third party expenditure for the region …

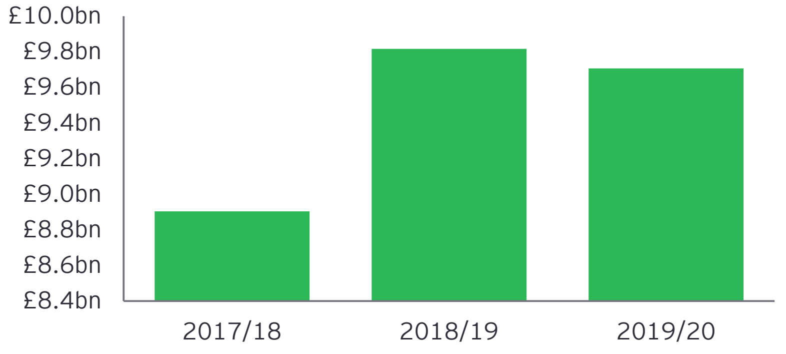
Regional Headline Facts

- Total third party spend for 2019/2020 in South East England was £9.7bn.
- According to the Office of National Statistics, the total population in South East England has grown by 1.09% since 2017/2018 and is now 9,180,135.
- Vulnerable citizens is the highest category of third party spend for South East England with a total of £3.4bn spent in 2019/2020. This is a 4% increase since 2017/2018. The largest category of spend making up 65% of total Vulnerable citizens spend is Adults Health & Social Care.
- Waste & Environment has had the biggest decline in third party spend (by 5%) in spend since 2017/2018.

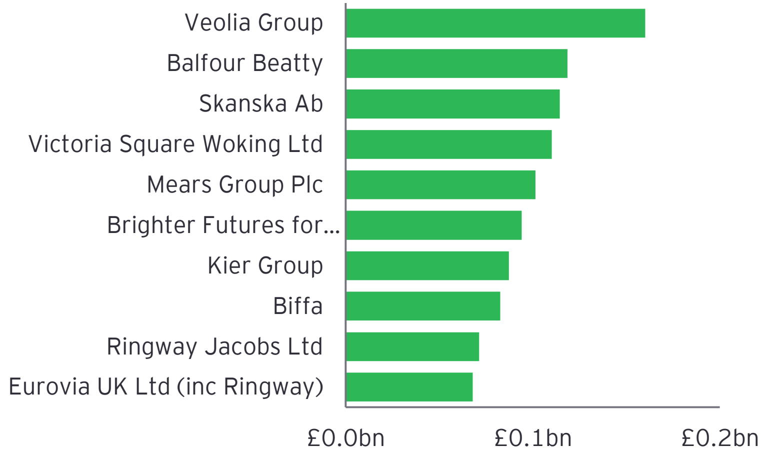
South East England spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020*



Commentary

- There has been a 9% increase in overall third party spend in the South East England region since 2017/2018.
- The per capita spend in South East England has increased by 5% from 2017/2018 to 2019/2020, from £954 to £1,006 per capita. This is the 4th highest per capita third party spend in comparison to the other regions.
- South East England has seen a 29% increase on Professional Services expenditure over the last three years. This is approx. £165m more spend on professional services in the last 3 years.
- £33m less has been spent on Waste and Environment in the last three years, a 5% decline for the category.
- This region is spending 41% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 21% to £4bn since 2017/2018
- Of the total spend in the region 2.5% was spent with other public authorities, trusts or companies.

* Large investment spend from single Local Authorities has been removed from the supplier summary analysis

The South West region spent £5.8bn on third party spend in 2019/2020, here are some insights ...

£5.8bn

overall regional spend

(2019/2020)

3 year spend trend up by 8%

Highest spend suppliers:

- Willmott Dixon
- Kier Group
- Cormac Solutions Ltd
- Skanska Ab
- Ashfords

£207m more spent on Vulnerable citizens

expenditure since 2017/2018

£141m less spent on Highways & Transport

expenditure since 2017/2018

£988

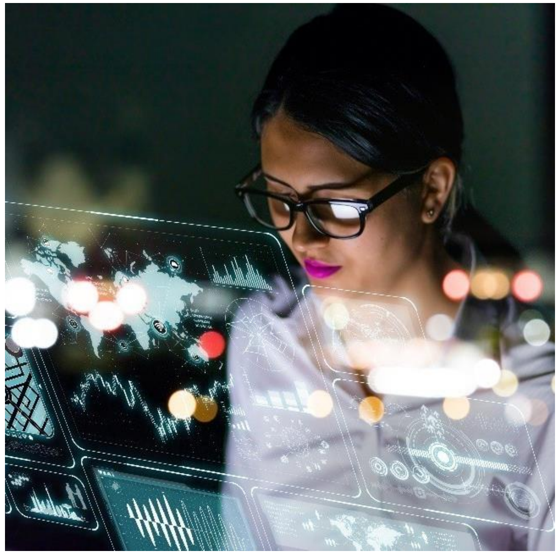
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways &Transport
- Waste & Environment
- Corporate

£2.3bn

SME expenditure 2019/2020

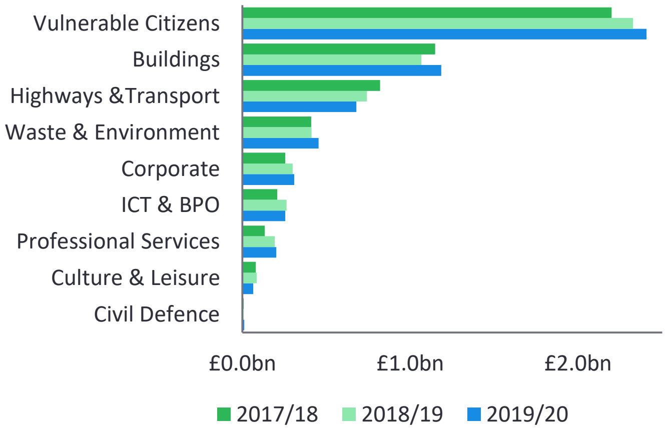


South West England – a detailed view of third party expenditure for the region …

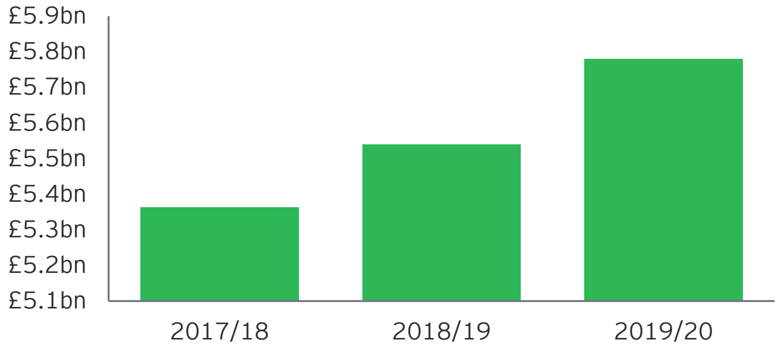
Regional Headline Facts

- Total third party spend for 2019/2020 in South West England was £5.8bn.
- According to the Office of National Statistics, the total population in South West England has grown by 1.18% since 2017/2018 and is now 5,624,696.
- Vulnerable citizens is the highest category of third party spend for South West England with a total of £2.4bn spent in 2019/2020. This is a 9% increase since 2017/2018. The largest category of spend making up 75% of total Vulnerable citizens spend is Adults Health & Social Care.
- Highways & Transport has seen the largest absolute spend decrease of £141m in the last three years, this is a 17% decrease in this category expenditure

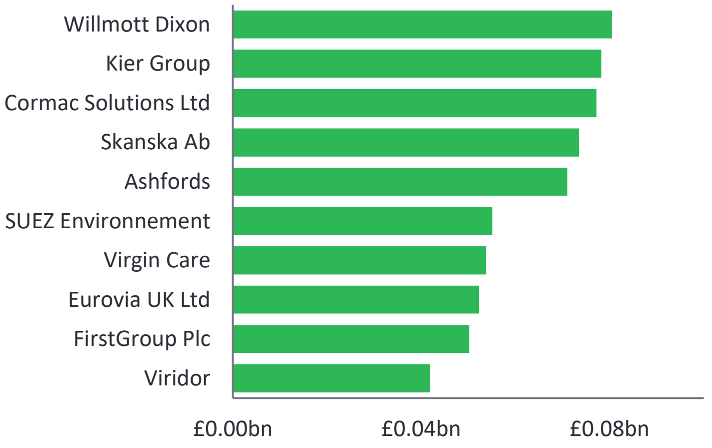
South West England spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020



Commentary

- There has been a 8% increase in overall third party spend in the South West England region since 2017/2018.
- The per capita spend in South West England has increased by 5% from 2017/2018 to 2019/2020, from £945 to £988 per capita. This is the 2nd lowest per capita third party spend in comparison to the other regions.
- South West England has seen a 9% increase on Vulnerable citizens third party expenditure over the last three years, this is £207m in absolute spend. Professional services and Civil defence third party spend has seen a substantial percentage increase in spend since 2017/18, both increasing by over 50%, however contributing much less to the absolute spend value at £68m and £3.4m respectively, when compared to Vulnerable citizens expenditure.
- Highways and Transport has seen the largest absolute spend decrease, with spend decreasing by £141m over the past three years, driven predominately by £127m reduction in spend on Highways Maintenance and Civils.
- This region is spending 39% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 9% to £2.3bn since 2017/2018
- Of the total spend in the region 4.1% was spent with other public authorities, trusts or companies.

Developed by EY and Oxygen Finance in collaboration

The West Midlands region spent £6.1bn on third party spend in 2019/2020, here are some insights …

£6.1bn

overall regional spend

(2019/2020)

3 year spend trend up by 15%

Highest spend suppliers:

- Birmingham Children's Trust
- Balfour Betty
- Wates Group
- Amey Plc
- Veolia Group

£233m more spent to Buildings

expenditure since 2017/2018

£9m less spent on ICT & BPO

expenditure since 2017/2018

£985

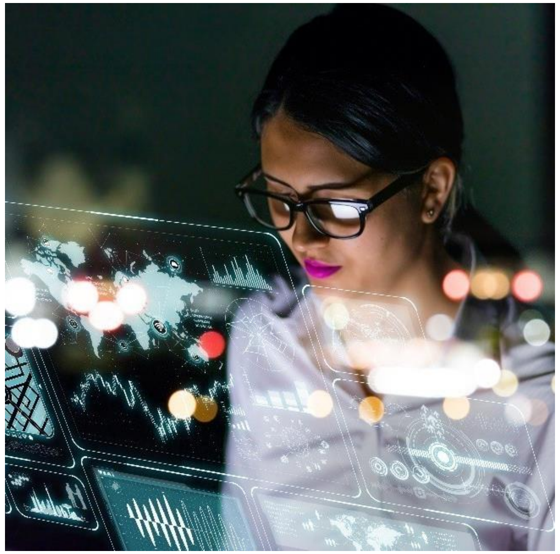
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways & Transport
- Corporate
- Waste & Environment

£2.3bn

SME expenditure 2019/2020

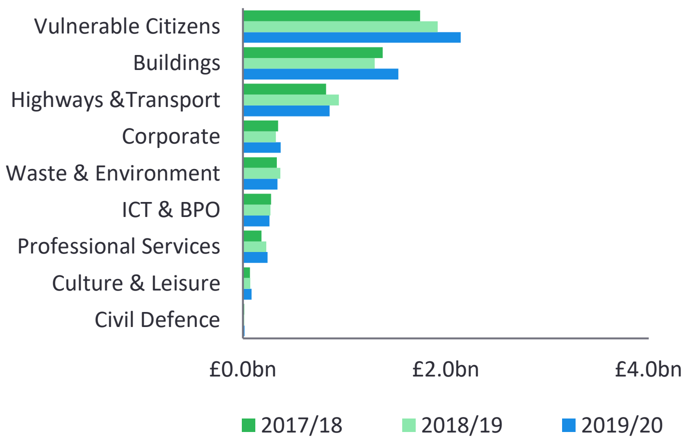


West Midlands – a detailed view of third party expenditure for the region …

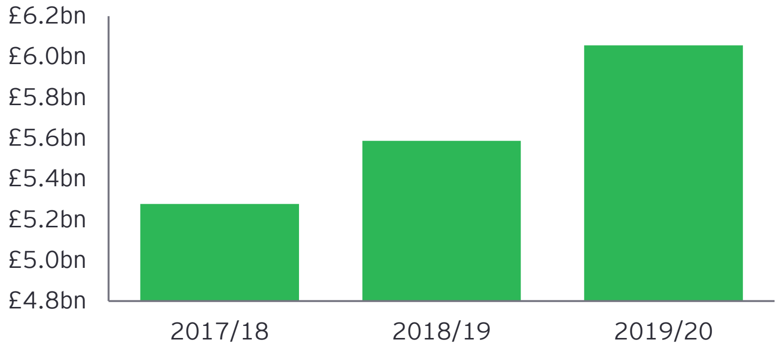
Regional Headline Facts

- Total third party spend for 2019/2020 in the West Midlands was £6.1bn.
- According to the Office of National Statistics, the total population in the West Midlands has grown by 1.25% since 2017/2018 and is now 5,934,037.
- Vulnerable citizens is the highest category of third party spend for the West Midlands with a total of £2.1bn spent in 2019/2020. This is a 23% increase since 2017/2018. The largest category of spend making up 54% of total Vulnerable citizens spend is Adults Health & Social Care.
- ICT and BPO has seen the largest absolute spend decrease of £9m in the last three years, this is a 6% decrease in this category expenditure

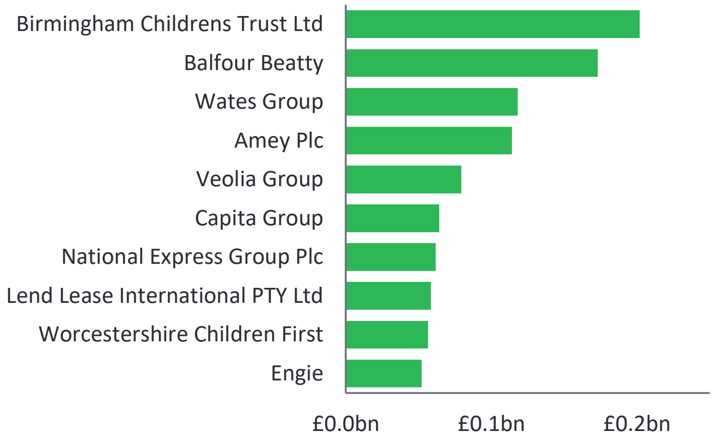
West Midlands spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020



Commentary

- There has been a 15% increase in overall third party spend in the West Midlands region since 2017/2018.
- The per capita spend in the West Midlands has increased by 12% from 2017/2018 to 2019/2020, from £881 to £985 per capita. This is the lowest per capita, third party spend in comparison to the other regions.
- The West Midlands has seen a 11% increase on buildings expenditure over the last three years, contributing £233m more in absolute spend since 2017/2018. Vulnerable citizens third party expenditure has also increase by 23%, contributing and absolute spend increase of £228m to the region.
- The decline in ICT & BPO expenditure has been predominately due to a 72% decline in ICT support services and system integration. Conversely, within ICT & BPO back office admin services have seen a 121% increase in third party expenditure since 2017/2018.
- This region is spending 38% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 17% to £2.3bn since 2017/2018
- Of the total spend in the region 3.9% was spent with other public authorities, trusts or companies.

The Yorkshire and Humber region spent £5.7bn on third party spend in 2019/2020, here are some insights ...

£5.7bn
overall regional spend
(2019/2020)

3 year spend trend up by 7%

Highest spend suppliers:

- Doncaster Children's Services Trust
- Npower Ltd
- Amey Plc
- ENGIE
- Henry Boot PLC

£272 more spent on Vulnerable citizens
expenditure since 2017/2018

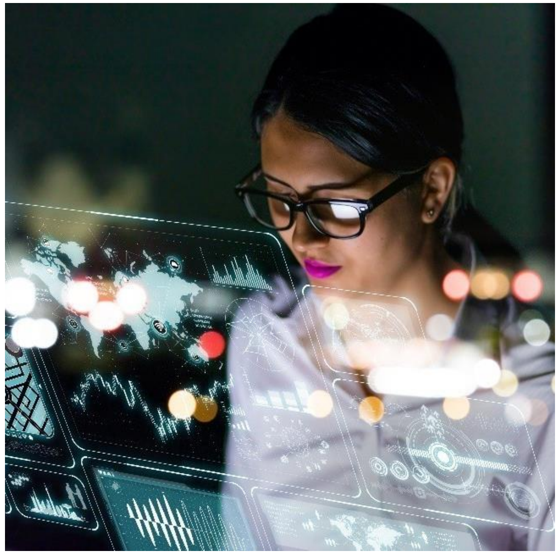
£57m less spent on Buildings
expenditure since 2017/2018

£1,001
spend per capita 2019/2020

Biggest spend across the region are:

- Vulnerable citizens
- Buildings
- Highways &Transport
- Waste & Environment
- Corporate

£2bn
SME expenditure 2019/2020

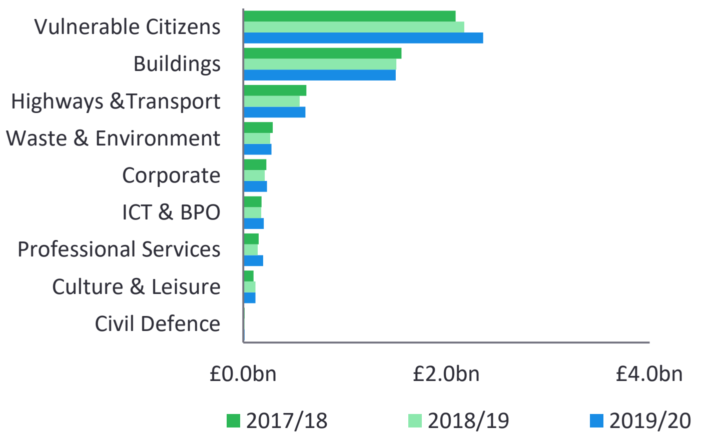


Yorkshire & Humber England – a detailed view of third party expenditure for the region …

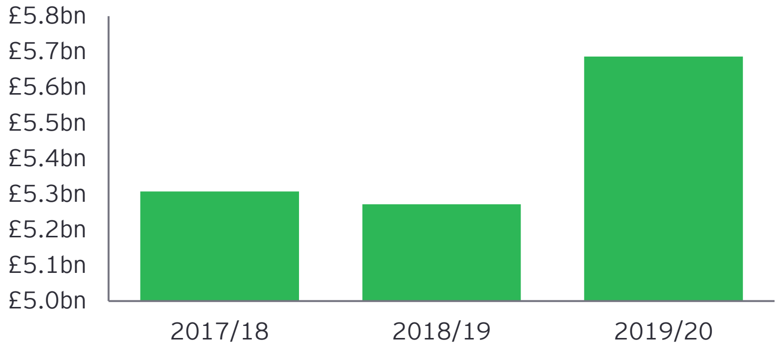
Regional Headline Facts

- Total third party spend for 2019/2020 in Yorkshire & Humber was £5.7bn.
- According to the Office of National Statistics, the total population in Yorkshire & Humber has grown by 0.97% since 2017/2018 and is now 5,502,967.
- Vulnerable citizens is the highest category of third party spend for Yorkshire & Humber with a total of £2.36bn spent in 2019/2020. This is a 13% increase since 2017/2018. The largest category of spend making up 73% of total Vulnerable citizens spend is Adults Health & Social Care.
- Buildings has seen the largest absolute spend decrease of £57m in the last three years, this is a 4% decrease in this category expenditure

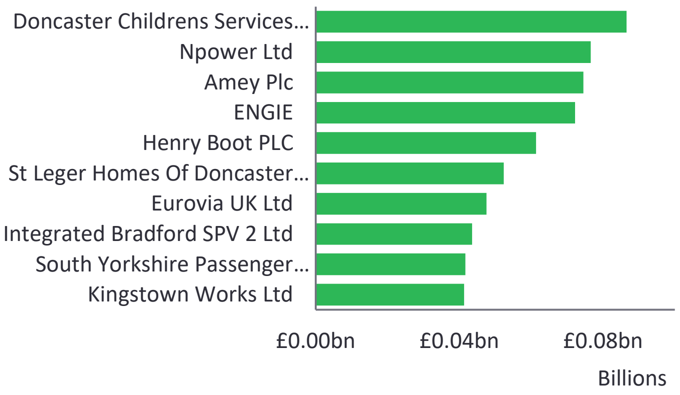
Yorkshire and Humber spend breakdown by category for 2017/2018 to 2019/2020



Regional Third Party Spend Over Three Years



Suppliers Summary for 2019/2020



Commentary

- There has been a 7% increase in overall third party spend in the Yorkshire & Humber region since 2017/2018.
- The per capita spend in Yorkshire & Humber has increased by 4% from 2017/2018 to 2019/2020, from £958 to £1,001 per capita. This is the 6th highest per capita, third party spend in comparison to the other regions.
- Yorkshire & Humber has seen Vulnerable citizens expenditure increase by 13%, with an absolute spend increase of £272m. A 30% increase on Professional Services expenditure over the last three years is largely driven by a 67% increase in legal services. Whilst there is an substantial increase in the professional services category for the region, this only accounts for a £18m absolute spend increase.
- This region has seen a £57m decrease in spending on buildings over the last 3 years. Civil Defence expenditure seen the largest percentage decrease (8%) in expenditure this accounts for only £800k over the last three years.
- This region is spending 36% of its total third party expenditure on SMEs.
- The third party spend with SME's has increased by 8% to £2bn since 2017/2018
- Of the total spend in the region 4.2% was spent with other public authorities, trusts or companies.

4

Appendix

Assumptions and Limitations

This slide sets out limitations and assumptions in the data and analysis:

- All data collected for this document is provided by Oxygen Finance and was collated from the Illuminator tool
- Data for this document is a point in time collected from the portal in October and November 2020
- Data for population and per capita spend has been sourced from the Office of National Statistics (ONS)
- Data in this document were apportioned against categories based on Oxygen Finance categorisation at the point of collection
- A small proportion of spend is pending categorisation, therefore has not been apportioned to specific categories of spend covered in section 2.2 of this document
- The spend data includes redacted data which covers direct payment spend
- The supplier pareto is based upon suppliers who have been categorised as suppliers only
- Expenditure and trends in this document are absolute and have not been adjusted for inflation
- For the purposes of this document, SME suppliers are defined suppliers with either fewer than 250 employees or turnover less than £25m

Coming soon ...

A spend analysis for April 2020 to June 2020 highlighting initial changes in spend patterns across England is due to be released as an addendum to this document shortly. This will begin to demonstrate the impact of COVID-19 on third party expenditure.

If you would like to learn more about this 2019/2020 spend Almanac or wish to have a more detailed conversation about your particular category, region or organisation, please get in touch with us:

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ED None

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About Oxygen Finance

Oxygen is a specialist payment control and insight business & the leading provider of Early Payment Programmes. With expertise in P2P, technology and finance, Oxygen provides early payment and insight services, based on publicly available information to Public Sector bodies & Private Sector organisations across the UK.

Oxygen Finance refers to all entities within the group including Porge Research, acquired in 2018. Oxygen Finance is a wholly owned subsidiary of TruFin PLC, a specialist fintech and lending business.

Oxygen Finance Ltd registered company number: **05288899**

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