

Strategic Suppliers 2018 year in review

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Strategic Suppliers

2018 in Review

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Data as at: 05 February 2019

Strategic Suppliers are defined by the Cabinet Office as: "Those suppliers with contracts across a number of Departments whose revenue from Government according to Government data exceeds £100m per annum and/or who are deemed significant suppliers to Government in their sector." For more information, see this information from the Crown Commercial Service and the Cabinet Office: <https://www.gov.uk/government/publications/strategic-suppliers>

This analysis includes any subsidiaries, affiliates and joint ventures of the companies mentioned. A list of these entities is available on request.

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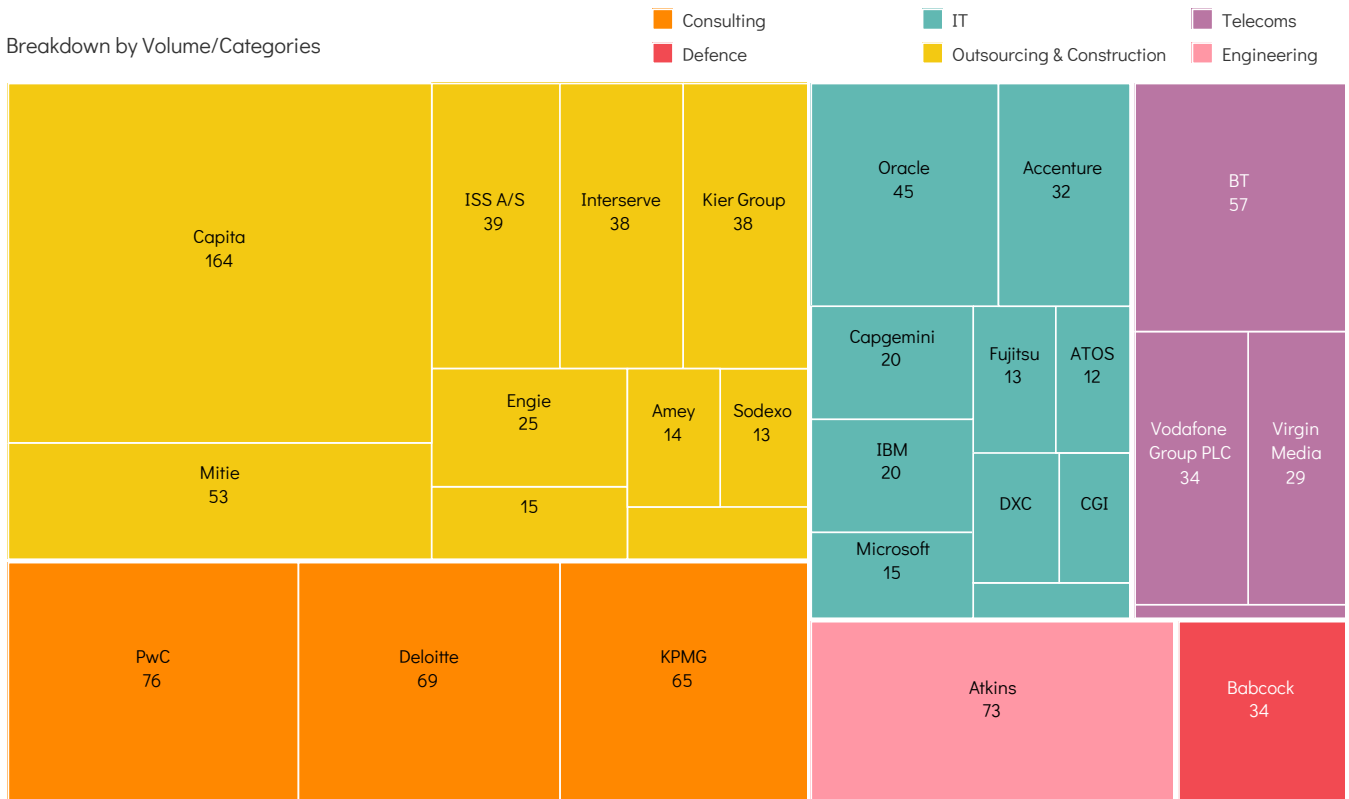
Strategic Suppliers - Overview

The Cabinet Office designates 30 companies as 'Strategic Suppliers' to Government. These firms are deemed so important to the delivery of essential public services that the Government's relationship with them is managed centrally by 'Crown Representatives'.

2018 was a turbulent year for some Strategic Suppliers. Starting with the collapse of Carillion in the beginning of the year and continuing with mounting stock market pressure on several others. This culminated with the re-capitalisation of Interserve on February 5th 2019. Despite this, these 30 firms won over 1,000 contracts with a total lifetime value of £4.2bn from the wider public sector in 2018. As the chart below shows, they won substantially more in the first half of the year than the second.



Capita alone won 164 public sector contracts in 2018, more than any other Strategic Supplier and equivalent to 17% of the total number of contracts awarded to this peer group. PwC, first listed as a Strategic Supplier in October 2018, won 76 contract awards last year, and Deloitte, added in January 2019, won 69. EY is the only 'Big Four' firm not to be listed as a Strategic Supplier despite winning 45 contracts last year.

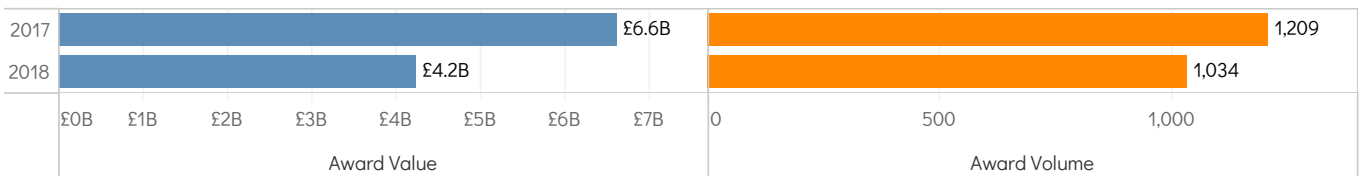


KBR is unmarked on this chart but recieved 0 awards; Motorola - 3 awards; Sopra Steria - 6; G4S - 15; Serco - 10

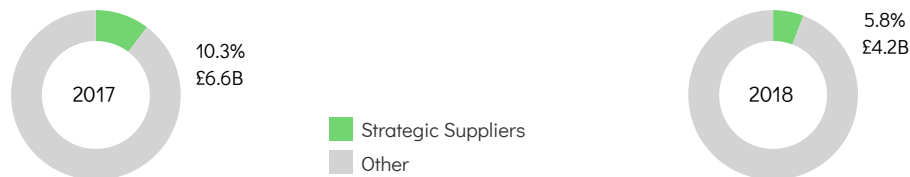
Strategic Suppliers 2018 - Historical Comparison

The value of public sector contracts won by the Strategic Suppliers* declined significantly in 2018 - a decrease of £2.4bn (36%) on 2017. The volume of contracts awarded declined by a lower rate of 16% on 2017. The proportion of total contract value awarded to the Strategic Suppliers in 2018 almost halved on 2017, from 10.3% to 5.8%.

Value and volume of contract awards to Strategic Suppliers since 2017

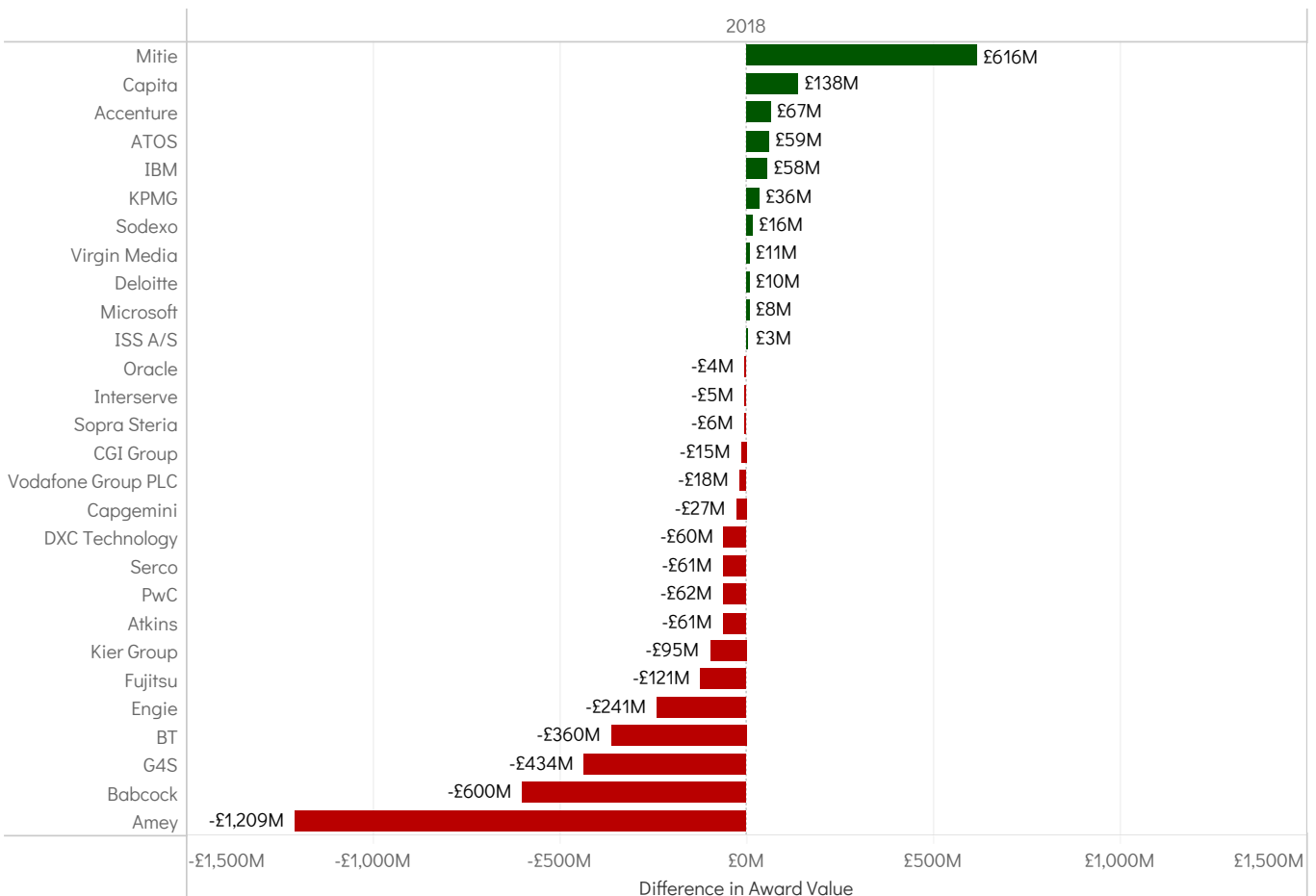


Proportion of total contract value awarded to the Strategic Suppliers since 2017



In 2018, two thirds of the Strategic Suppliers won a lower value of new contracts than in 2017. Mitie was the biggest winner, winning awards worth £616m more than in 2017. The biggest loser was Amey, which saw a drop of £1.2bn in the value of new contracts won.

Strategic Suppliers - change in 2018



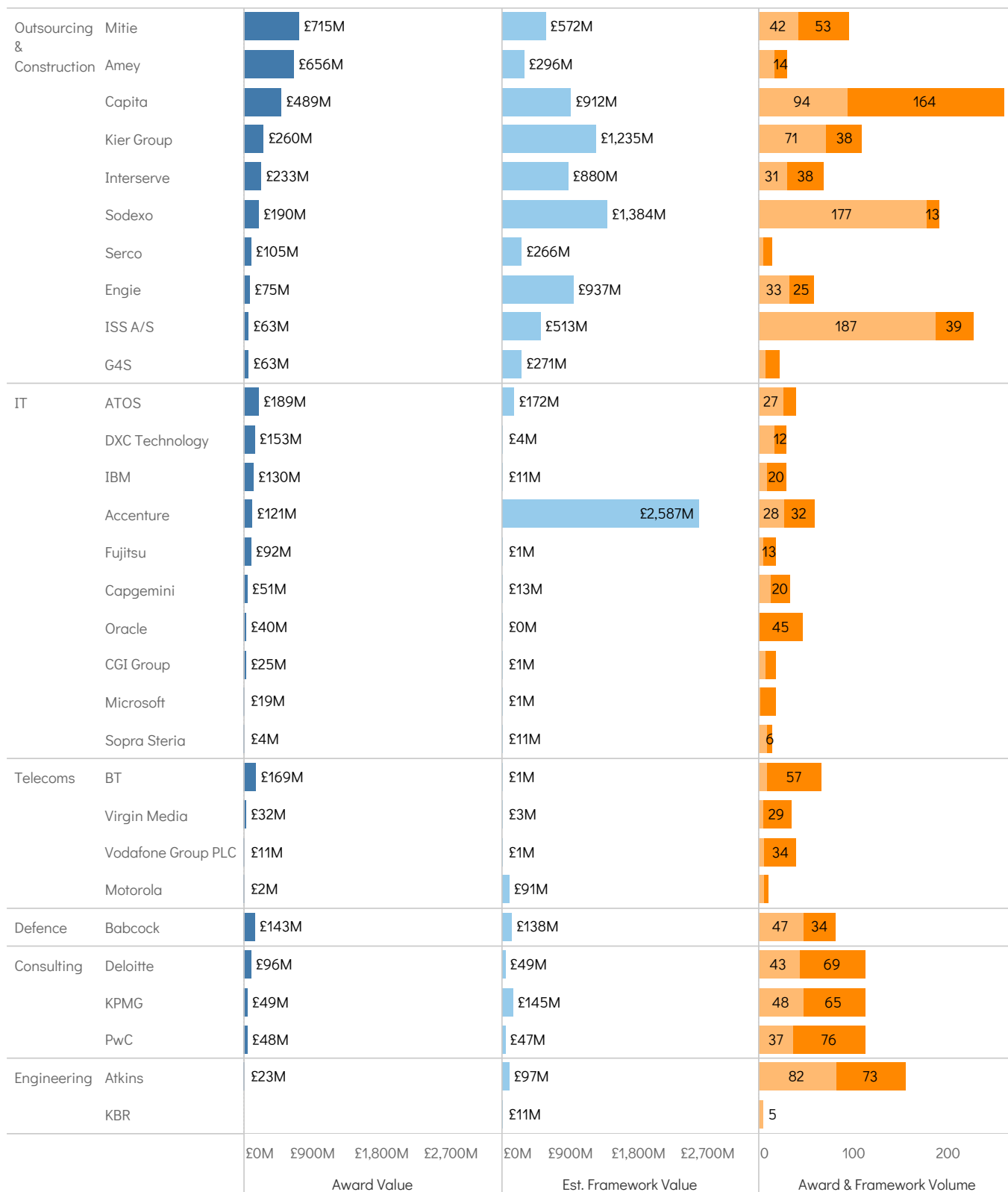
* This comparison is of contract awards to the current set of Strategic Suppliers. This list has changed over the years, with some firms (e.g. Carillion) exiting the list, and some (e.g. PwC) only being added in 2018. This analysis excludes contracts awarded to joint ventures between multiple firms, and unless explicitly stated otherwise, includes only analysis of contract awards, not frameworks.

Awards & Frameworks 2018

By award value, Mitie was the top Strategic Supplier in 2018, winning £715m in awards, including a £514m Home Office contract for immigration enforcement services. Capita's revenue mix has changed so significantly in the last few years that today it could as easily be designated an IT supplier as an outsourcer in the classic sense. If it were, it would be the largest IT sector Strategic Supplier by a considerable margin.

■ Award
■ Framework

Awards and Frameworks Overview 2018



Buyers

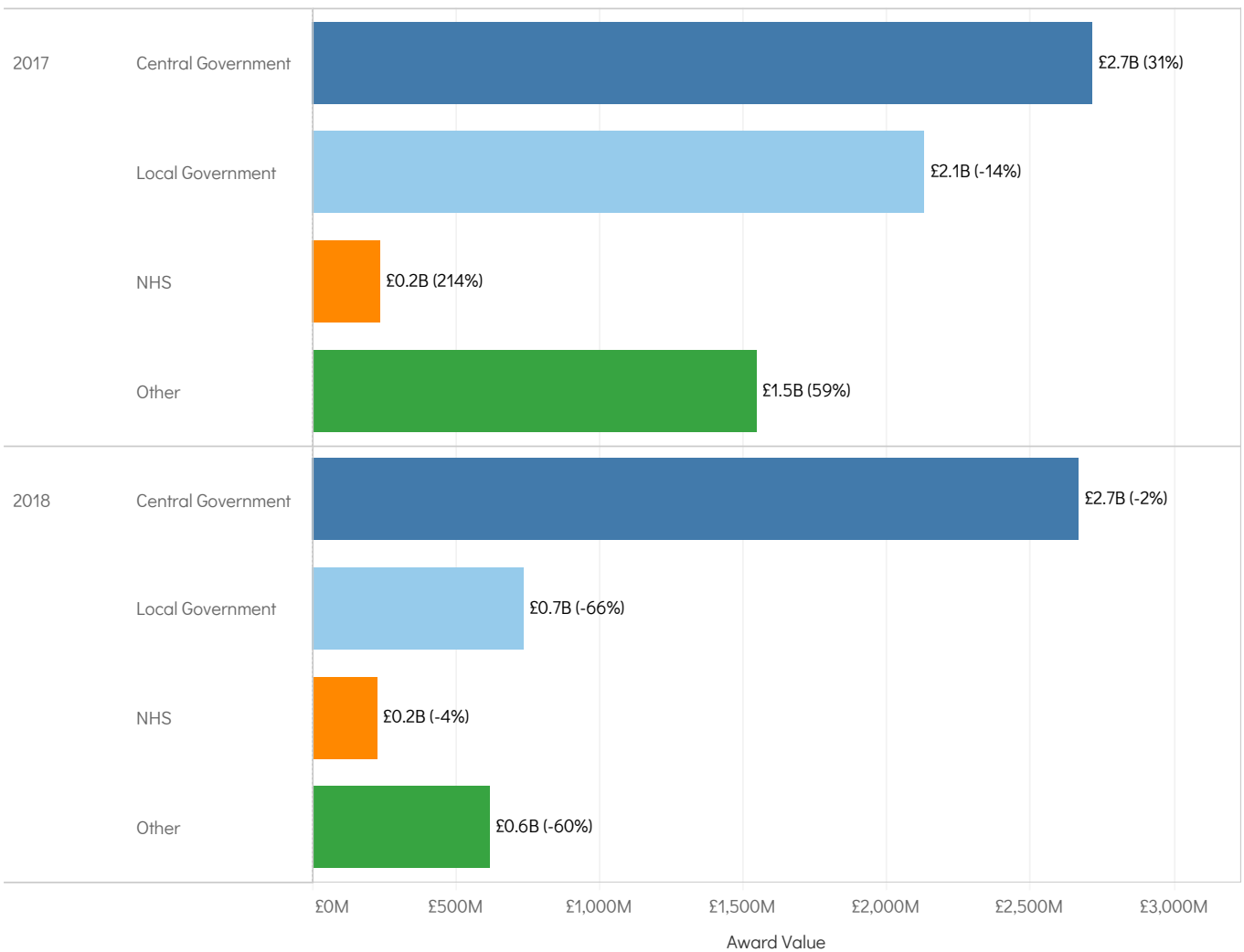
In 2018 by far the highest proportion of contract value awarded to the Strategic Suppliers came from Central Government. This was driven less by number of awards than by the average size of individual contracts, which was twice as high in Central Government than in Local Government.

Breakdown of Strategic Supplier 2018 Contract Award Value by Buyer Type



Of the overall decline of £2.4bn in the value of contracts awarded to the Strategic Suppliers in 2018, two thirds was driven by the £1.4bn drop in the contribution from Local Government. Central Government's award value was flat year on year at £2.7bn.

Strategic Supplier Award Value by Contracting Authority Category since 2015



Top Central Government Buyers (Award) - 2018

The Home Office was the Central Government department that purchased most from the Strategic Suppliers in 2018, largely driven by a £514m contract awarded to Mitie for immigration transport services. DWP awarded contracts to the largest number of Strategic Suppliers - 11 in total.

Top 10 Central Government Bodies by Value - 2018

	Home Office	Highways England	DEFRA	Department for Education	Scottish Prison Service	Ministry of Defence	Cabinet Office/CCS	Department for Work & Pensions	Student Loans Company Ltd	Ministry of Justice	Her Majesty's Land Regist.	National Audit Office	Northern Ireland Audit Office	Ofsted	Health & Safety Executive
Amey		£375.9M			£238.0M										
Mitie	£514.2M														
Capita		£0.0M	£0.1M	£225.3M		£10.1M	£0.6M	£0.1M	£0.0M						
ATOS			£135.0M			£1.3M			£37.4M						
DXC Technology			£125.9M			£18.0M		£5.3M							
IBM	£5.0M					£79.6M	£10.3M		£0.5M	£13.2M	£16.0M				
Interserve		£21.1M	£0.1M	£0.7M			£66.7M								
Accenture	£30.8M						£11.2M		£40.5M	£0.9M					
Fujitsu	£28.0M						£0.1M	£51.0M							
Babcock		£0.9M		£1.5M		£43.4M		£0.0M							£0.1M
Capgemini	£18.1M		£10.2M	£4.4M					£2.3M						
BT							£0.5M	£0.4M		£30.2M					
Deloitte				£6.2M		£3.8M	£16.9M	£0.3M		£2.8M					
PwC		£1.6M	£0.1M				£22.8M	£0.2M	£0.1M	£0.1M		£0.1M			
Kier Group										£23.0M					
G4S								£21.0M							
CGI Group						£18.7M								£0.1M	
Serco				£0.6M				£16.0M							
Virgin Media							£14.3M	£0.1M	£2.0M						
Sodexo							£15.6M								
Microsoft						£9.6M	£0.2M		£2.8M			£0.2M			
KPMG			£0.3M	£0.0M			£1.0M	£0.3M				£1.6M	£0.2M		
Vodafone Group PLC				£0.4M			£0.1M	£2.8M							
Atkins		£2.8M				£0.3M									
Sopra Steria				£0.1M						£2.5M					
Oracle		£0.6M													
Grand Total	£596.1M	£402.9M	£271.6M	£239.3M	£238.0M	£184.9M	£160.4M	£97.5M	£85.7M	£72.6M	£16.0M	£2.0M	£0.2M	£0.1M	£0.1M

Highest Value Awards & Frameworks in 2018

Top 5 Highest Value Awards 2018

Contract Title	Contracting Authority	Date Awarded	Parent						
Provision of In-Country and Overseas Escorting, operation and management of Short Term Holding Facilities and Holding Rooms and related services	Home Office	30/04/2018	Mitie						£514M
Area 10 Maintenance and Response Contract	Highways England	05/10/2018	Amey						£326M
01500 Scottish Court Custody and Prisoner Escort Service (SCCPES)	Scottish Prison Service	28/03/2018	Amey						£238M
Test Operations Services (TOpS)	Department for Education	11/07/2018	Capita						£225M
Defra — UnITy Programme — Hosting and Application Support	Department for Environment, Food & Rural Affairs	19/06/2018	ATOS						£135M

Top 5 Highest Value Frameworks 2018

Contract Title	Contracting Authority	Date Awarded	Max. Supplier Award Count	Distinct Strategic Suppliers				
Facilities Management Marketplace	Crown Commercial Service	09/07/2018	47	11	£12B			
Payment Solutions	Crown Commercial Service	30/10/2018	9	1	£10B			
YPO - 000833 Apprenticeships and Associated Training	Yorkshire Purchasing Organisation	13/07/2018	75	2	£8B			
Public Sector Travel and Venue Solutions	Crown Commercial Service	27/02/2018	7	1	£5B			
DWP Estates Contractor Framework	Department for Work & Pensions	17/04/2018	17	3	£4B			