

**dc**i  
Market Report

NOVEMBER 2024  
EDITION

## November Market Report



- Focus this month on:
  - Autumn Budget/Spending Review
  - Sector focus – trends across defence
- Cross market trends
- Procurement Act 2023

## Autumn Budget/Spending Review – Overview

- 4.3% real-terms increase in departmental spending for the next 2 fiscal years to improve public services.
- £33bn increase for day-to-day spending across various departments\* for the next two years.
- £14.7bn set aside for investment spending.
- Increased invested for the devolved governments:
  - Scotland - £3.4bn
  - Wales - £1.7bn
  - Northern Ireland - £1.5bn .
- Establishment of Skills England and GB Energy, with the former helping to drive employment, and the latter enabling energy security and de-carbonisation.
- Focus and additional funding for NHS, Defence, Schools/Education, Transport and Housing

## Autumn Budget/Spending Review – Overview

### Breakdown by sector or industry:

- **NHS/Health** - focus on moving from treatment to prevention, from hospital to community and from analogue to digital
  - Department of Health and Social Care will receive an additional £22.6bn for day-to-day spending over two years.
  - £3.1bn increase in capital investment in 2025/2026, out of which £1.5bn will be used for new surgical hubs, diagnostic scanners and new beds across the NHS estate.
  - more than £2bn investment in NHS technology and digital.
- **Defence** - goal to increase defence spending to 2.5% of GDP
  - Increase to the Ministry of Defence's budget of £2.9bn next year (^2.3%).
  - Military support to Ukraine of £3bn per year (as per NATO commitments).
- **Schools/Education** - huge focus with £6.7 billion for the Department for Education
  - Additional £4bn, from which £2.3bn will be added to the core schools' budget
  - Further education will also benefit from an additional £300m of investment.
  - SEND investment will increase to £1bn.

## Autumn Budget/Spending Review – Overview

- **Transport** - a freeze on fuel duty, increased investment in electric vehicle infrastructure, and funding allocated for road maintenance
  - Regional towns and cities benefitting through increased investment of £650m for road maintenance and local transport.
  - Metro Mayors will also benefit from further investment into their City Region Sustainable Transport Settlements, as the government adds £200m to the pot for their projects in the next year alone. This will bring the settlements to over £1.3bn.
  - Additional focus on improving and increasing rail services and resuming work on HS2.
- **Local Government** - reform, more devolution, increased collaboration with mayors to be expected
  - £1.3bn in grant funding, with £600m and £230m of this being dedicated to social care and homelessness respectively.
  - Greater Manchester and the West Midlands - first combined mayoral authorities to receive integrated settlements from next year, meaning mayors will get greater control over funding.
- **Housing** - commitment to build 1.5 million homes over the course of this parliament
  - £5bn to the delivery of housing, with £1.36bn supporting an increase to affordable housing stock.
  - £1.37bn into the removal of dangerous cladding.
  - Increase the Affordable Homes Programme to £3.1bn.

# Autumn Budget/Spending Review – Overview

- **Infrastructure, Big Projects and Research**

- Nearly £1bn for the aerospace sector to fund vital research and development.
- Over £2bn for the automotive sector.
- £520m for a new Life Sciences Innovative Manufacturing Fund.
- More than £20bn worth of funding for research and development, including at least £6.1bn for engineering, biotechnology and medical science.
- Funding for 11 new green hydrogen projects across England, Scotland and Wales.
- Warm Homes Plan by confirming an initial £3.4bn over the next three years to transform 350,000 homes.
- £100bn over the next five years in capital spending for GB Energy.

## Autumn Budget/Spending Review – Overview

### How is this being paid for?

- Primarily via an increase in taxes, such as employer NICs, which will increase from 13.8% to 15%, Capital Gains Tax and Inheritance Tax
- Employer NIC the most significant change:
  - Increases the cost of employing people (especially when allied to increase in National Living Wage)
  - Bottom line impact, which could lead to:
    - (a) reduced employment levels
    - (b) reduce wages growth (since higher wages = more Employers' NIC)
    - (c) increased supplier costs – for consumers and the public sector itself
    - (d) on the basis of (c), inflation
    - (e) also on the basis of (c), more value being sought in public contracts
    - (f) reduction in tax take – i.e income tax
- Service industries/construction will be particularly affected given staff numbers/profile (esp, re National Living Wage)
- CBI and other business forums/leaders have raised concerns about potential impact
- Overall – good to see more investment – but concerns about how it's being funded

**Other:**

- Autumn Spending Review was 'phase one' – late Spring 25 sees 'phase 2' Spending Review (SR25)
- Will cover April 2026 to March 2030 – longer term financial planning
- Spending could reduce in this period – offset by efficiency gains
- Sets the tone for Labour's approach:

“SR25 will deliver a new settlement for public services, marking a fundamental change in how the government approaches public spending, supports growth, and delivers public services”.

“The Spending Review will be “mission led, technology-enabled and reform driven, and will take a long-term approach, supporting delivery of the government's plans for a decade of national renewal”

- SR25 will prioritise health; local government and devolution; children's social care; SEND; homelessness; police; prisons; asylum; defence; transport and the Civil Service
- Far more significant than SR phase 1, which was a stop-gap.

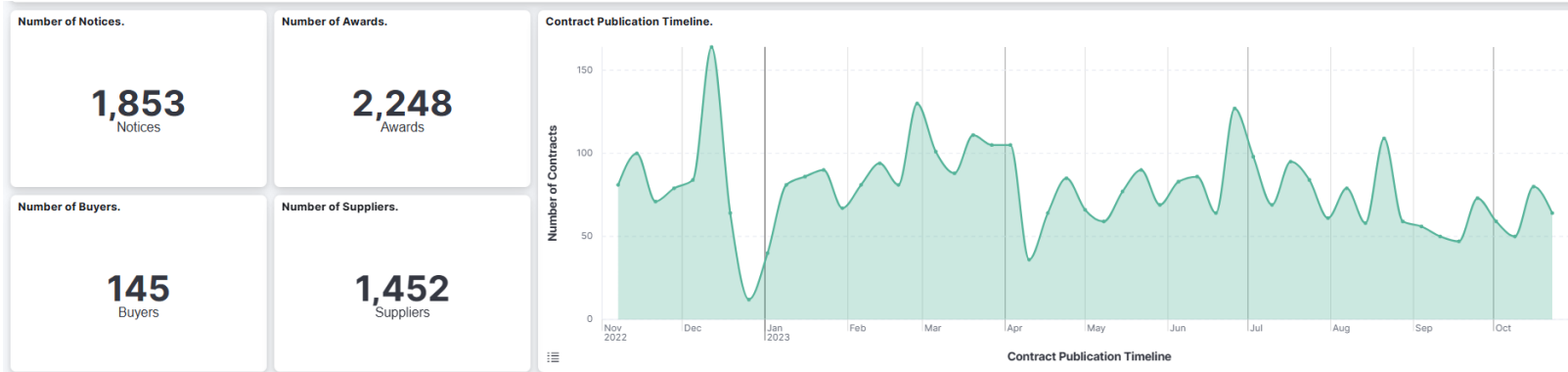




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# Market Data Defence

## Defence Market landscape – notices and awards



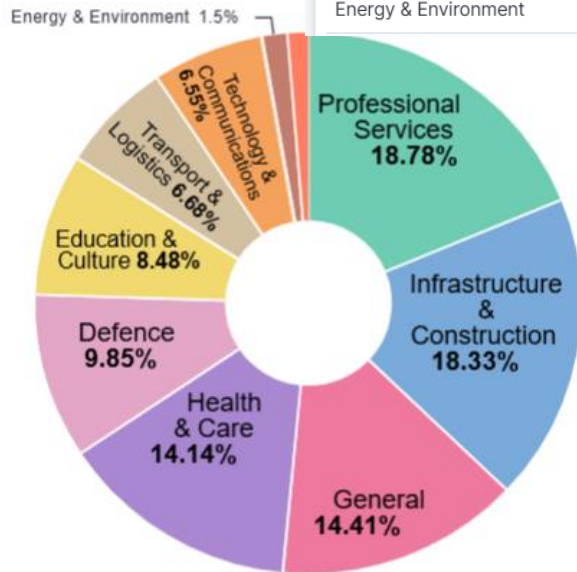
- Comparing contracting activity Nov 2022 – Oct 2023 to Nov 2023 to Oct 2024 below). Trend from prior months continues:
  - 2023/24 – contract notices down 24.7%... awards are down 17.3%
  - Buyers in period 2023/24 are down 39.3% and suppliers down 14.5%

## What's being bought in Defence?

Industry Category (analysis).

Industry Category	Contracts	Contracts percentages	Buyers	Suppliers	Total Value	Median Value
Professional Services	700	19.027%	17	304	10,727,087,982	302,076.5
Infrastructure & Construction	683	18.565%	32	241	6,055,687,677	582,500
General	537	14.596%	29	199	13,399,641,437	882,036
Health & Care	527	14.325%	25	242	6,966,117,766	300,000
Defence	367	9.976%	20	140	12,292,892,625	2,422,000
Education & Culture	316	8.589%	15	131	10,116,697,126	457,230.5
Transport & Logistics	249	6.768%	16	144	7,106,682,786	297,500
Technology & Communications	244	6.632%	13	123	8,411,616,965	318,682.5
Energy & Environment	56	1.522%	11	20	1,926,251,565	1,971,600

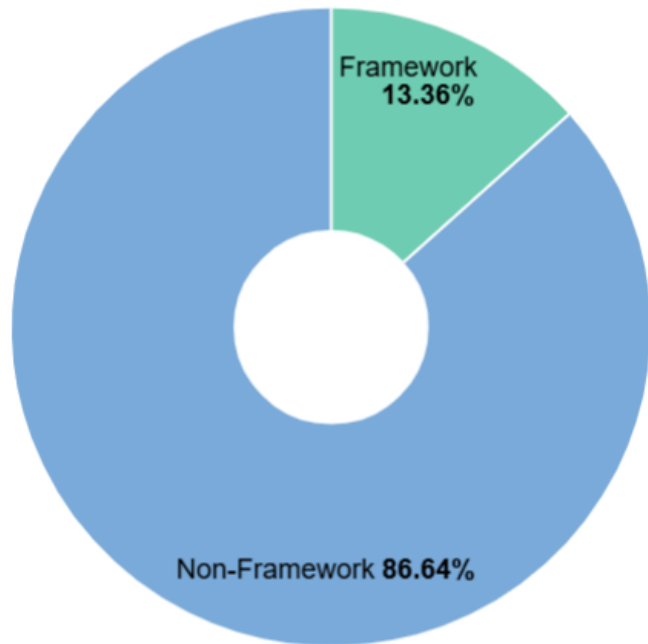
Industry Category (breakdown).



- Professional Services is the most popular by volume
- Defence, Professional Services & Educations are three sectors with the highest total value (over £10bn each)

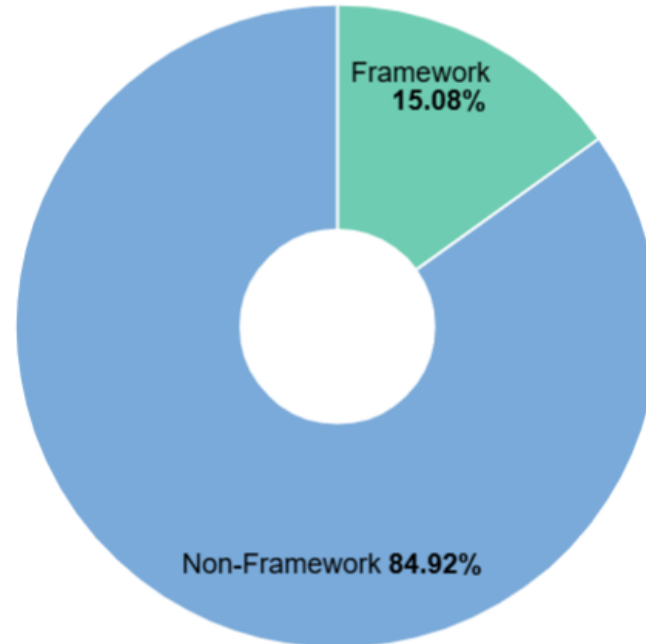
## Defence Framework Agreements versus Non-Framework Agreements

Framework Agreement (breakdown).



Nov 22 – Oct 23

Framework Agreement (breakdown).



Nov 23 – Oct 24

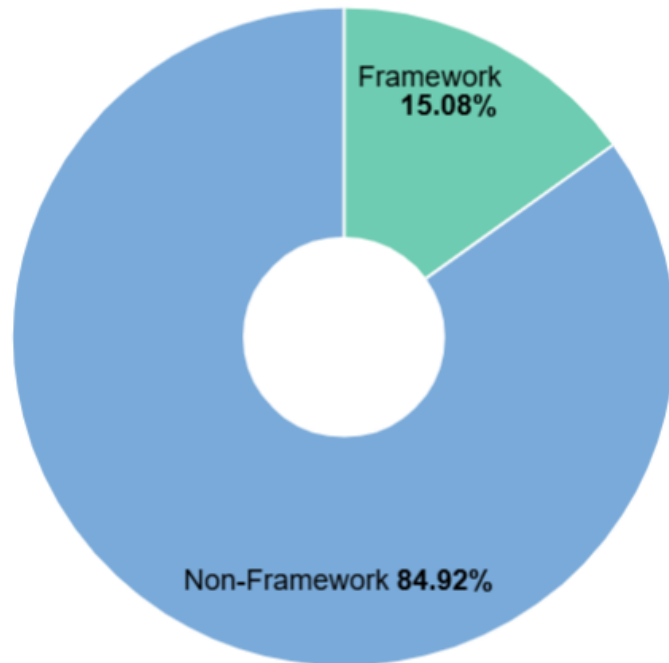
- Growth in use of frameworks continues
- Significant increase in Nov 23 - Oct 24 (1.72% points) versus prior period
- Critical for buyers and suppliers
- Potential for trend to continue – efficiency, savings

## Defence Framework Agreements versus Non-Framework Agreements

### Framework Agreement (analysis).

Framework Agreement	Contracts	Buyers	Suppliers	Total Value	Median Value
Non-Framework	2,764	80	1,040	34,089,984,864	384,233.294
Framework	491	21	298	11,499,705,119	1,000,000

### Framework Agreement (breakdown).



- Analysis of framework awards shows the high relative value of frameworks
  - 15.08% of notice volume, but 25.2% of award value
- 22.3% of suppliers have access to 25.2% of the total value of contract awards published in Nov 23-Oct 24...gap is growing
- Frameworks tend to be for larger, longer and more complex requirements (but not always)
- **Essential for suppliers to track and engage with frameworks**
  - *But a large volume of notices still exist outside of this approach*

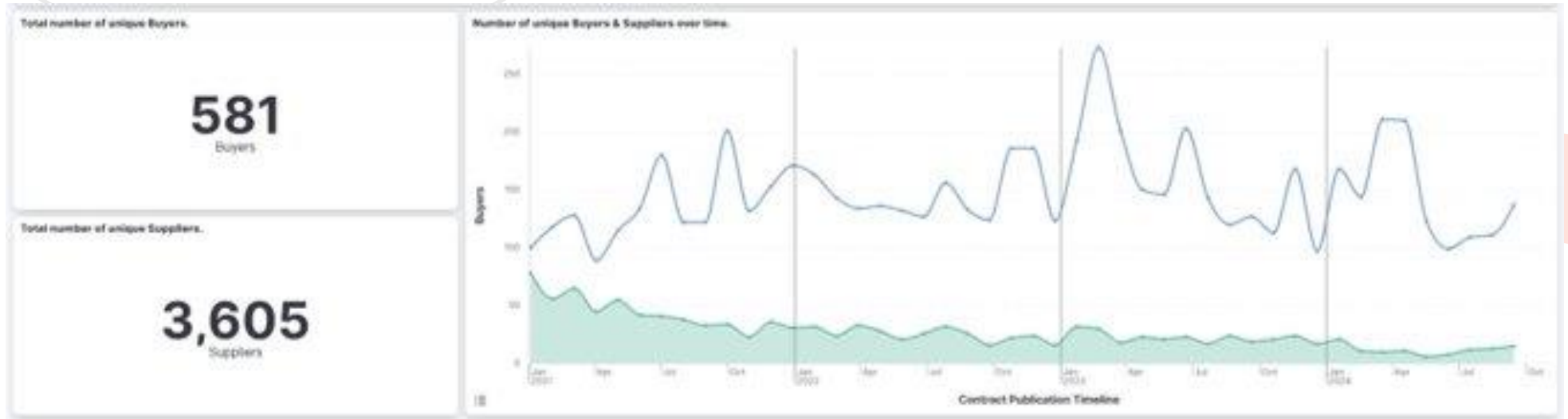
## Defence Top 5 Frameworks Published Recently

1. Ministry of Defence published a framework for Global Bulk Fuels Service (GBFS) Framework Agreement with a value of **£135,900,000**
2. Ministry of Defence published a framework for Night\_Vision\_Devices with a value of **£120,000,000**
3. Ministry of Defence published a framework for In-Service Support 26 - Lot 1 with a value of **£53,750,000**
4. Ministry of Defence published a framework for In-Service Support 26 - Lot 3 with a value of **£48,500,000**
5. Ministry of Defence published a framework for Boats In-Service Support 26 - Lot 2 with a value of **£27,500,000**

# Market Competitiveness – Defence

Supplier/buyer ratio =  
6.2:1

An increase  
from last  
month's  
ratio of 6.1:1



Buyer (analysis) - top 1000.

Buyers	Contracts	Contracts percentages	Suppliers	Total Value	Median Value
Ministry Of Defence	9,992	68.948%	2,609	139,204,666,782	424,299,693
Defence Science & Technology Labor...	1,569	10.827%	690	967,166,969	97,133
Leidos Supply Ltd	503	3.471%	94	5,282,580,328	3,000,000
Irish Defence Forces	391	2.698%	89	303,696,885	300,000
Digital Defence Ltd	106	0.731%	54	86,850,862	340,473
Air Corps Contracts Section	96	0.662%	21	11,898,099	250,000
Vivo Defence Services Ltd	94	0.649%	0	183,355,000	1,500,000
Awe Plc	85	0.587%	23	1,344,761,639	1,350,000
Defence Forces Ireland	68	0.469%	34	36,497,866	280,000
Defence Equipment & Support	63	0.435%	37	307,387,086	722,754

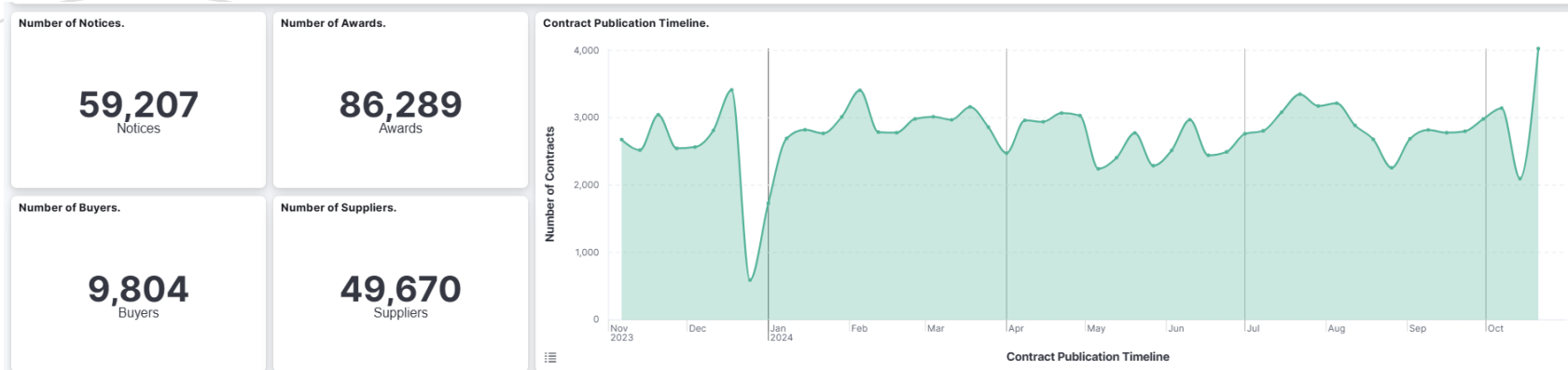
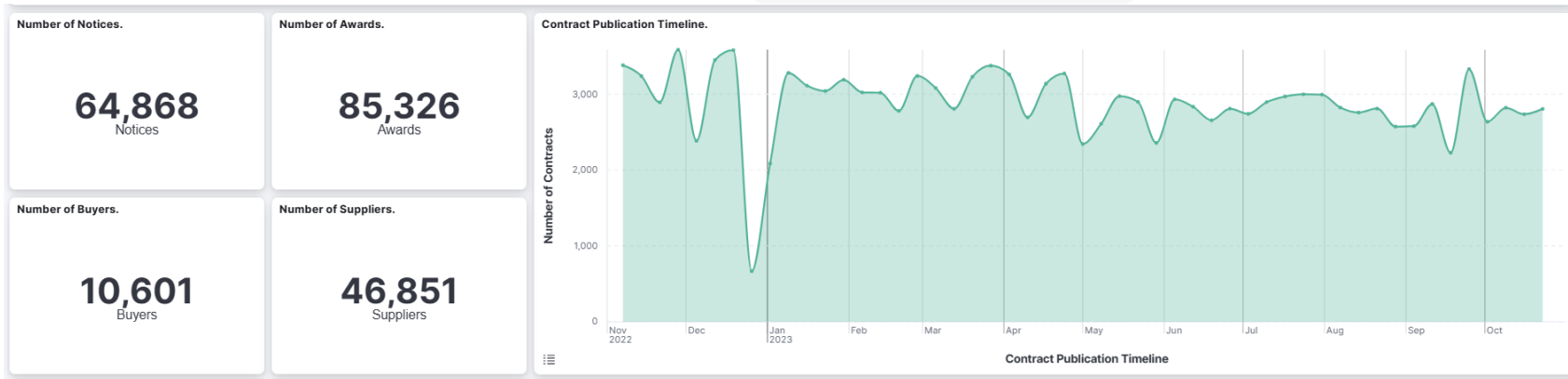
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# Market Data Cross Sector



## Market landscape – notices and awards



- Comparing contracting activity Nov 2022 – Oct 2023 to Nov 2023 to Oct 2024 below).

Trend from prior months continues:

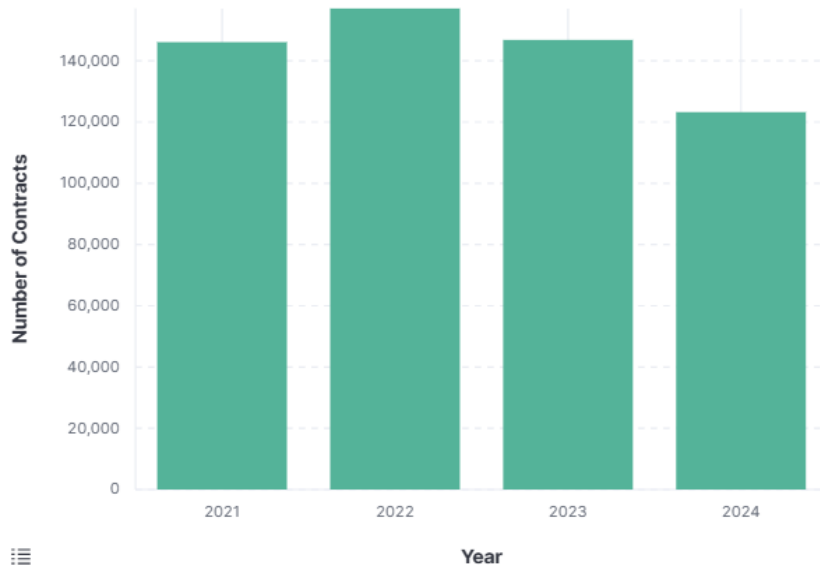
- 2023/24 – contract notices down 8.7%... **awards are up 1.1%**

- Buyers in period 2023/24 down 7.5% but **suppliers up 6%**

- Signs of a more competitive market, potentially more buyer collaboration and framework business

## Total notice view

Number of contracts per year.



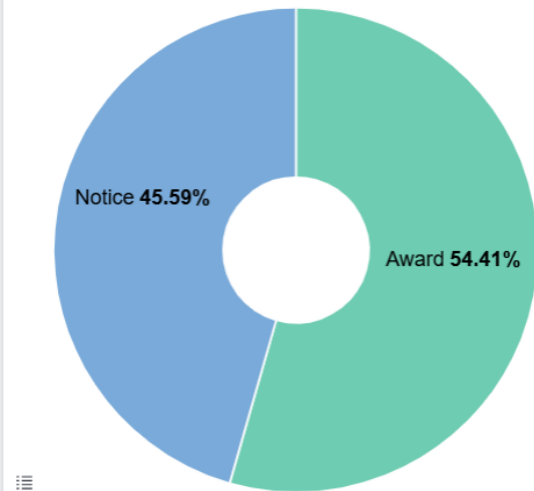
- Volume of notices in 2023 6.5% less than 2022, 2024 will be less than 2023
  - Median value of notices significantly higher than 2021/2022; now higher than 2023
- Total award value in 2023 exceeded 2022 by £193 billion, 2024 will grow again.
- Overall fewer but higher value contracts (frameworks a factor again)
  - Sizeable, consistent market

Contract Year (analysis).

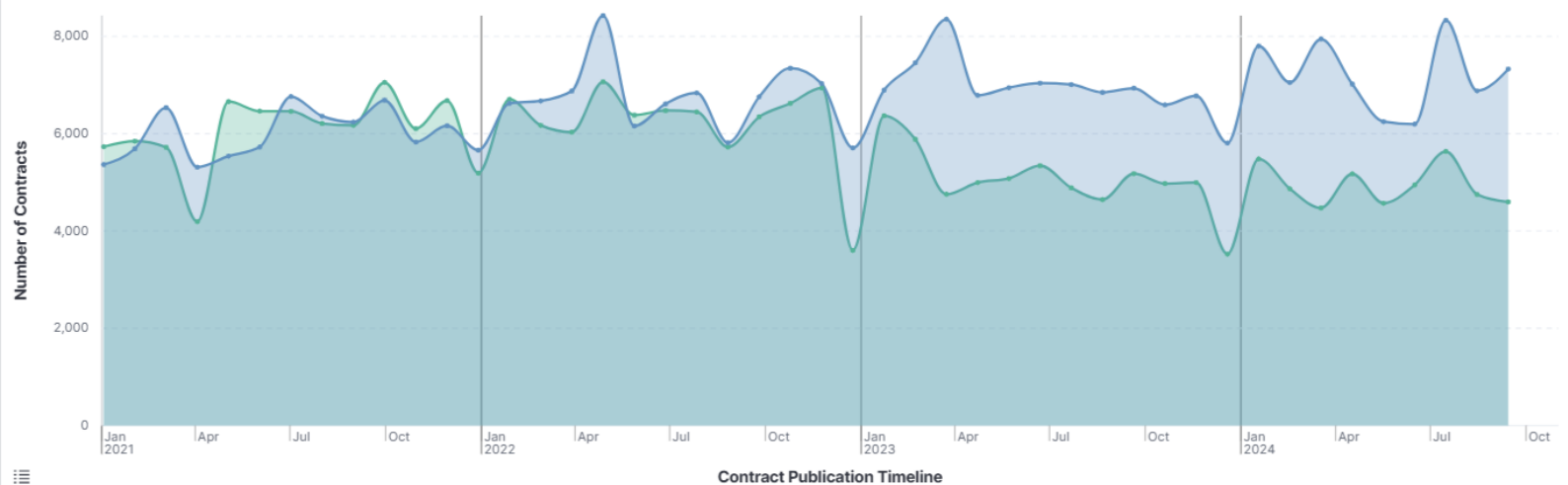
Year	Contracts	Buyers	Suppliers	Total Value	Median Value
2021	146,075	12,286	43,878	3,016,592,747,572	120,382.929
2022	157,075	12,361	43,683	1,848,352,206,539	112,207.707
2023	146,815	10,406	47,128	2,041,592,555,977	129,498.625
2024	123,238	8,619	43,847	2,037,193,732,097	130,874.32

## Awards – transparency and insight

Contract Type (breakdown).



Contract Type (timeline).

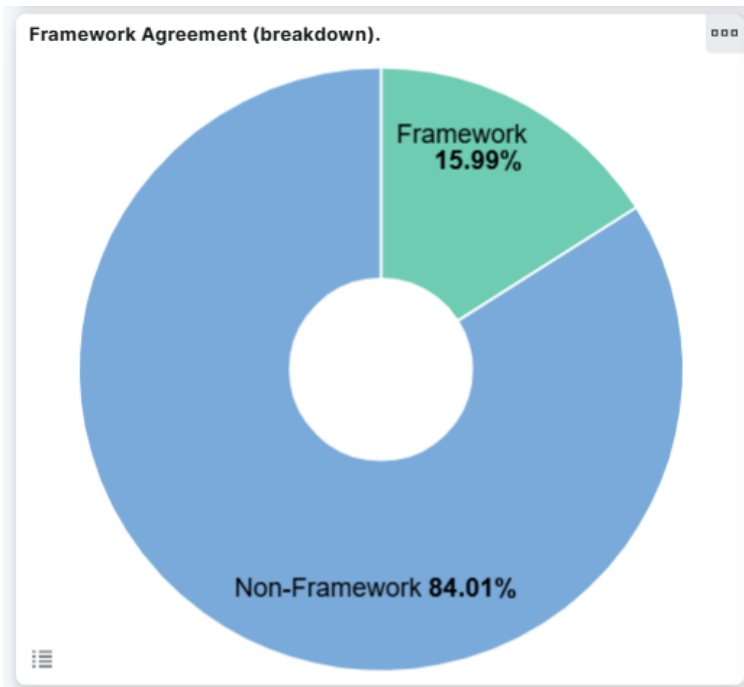


Data for Jan 2021 to Oct 2024

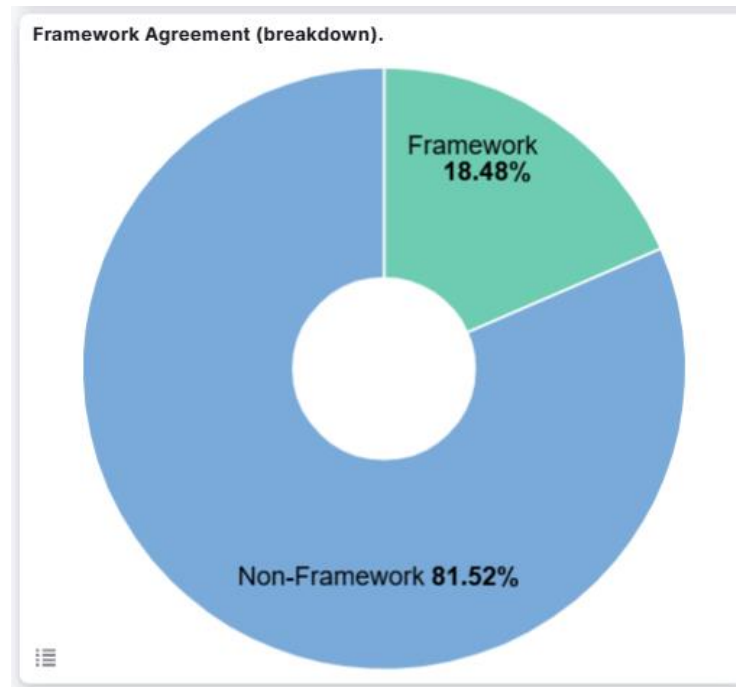
- Awards (blue line) outstripping notices (green line) – good for transparency intel/planning/early engagement
  - Gap narrowed May/June but appears to have widened again
  - **Procurement becoming more transparent – confidence/trust**

# Market Data Framework Agreements

## Framework Agreements versus Non-Framework Agreements



Nov 22 – Oct 23



Nov 23 – Oct 24

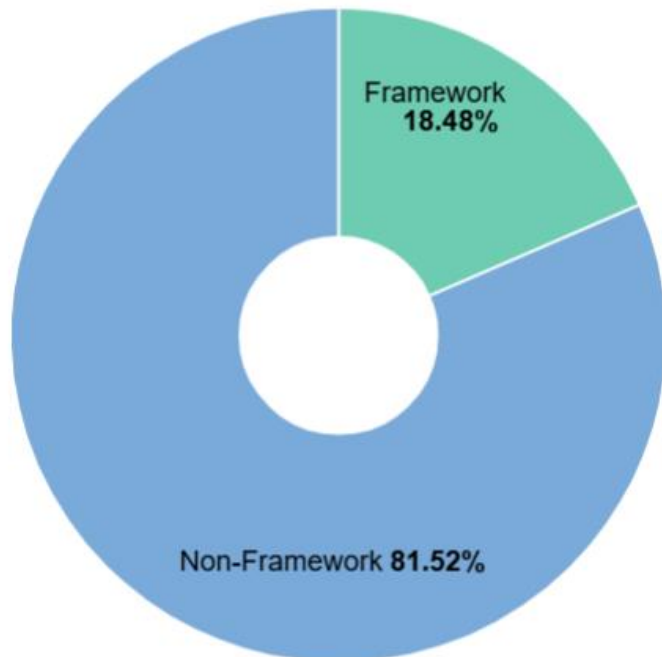
- Growth in use of frameworks continues
- Significant increase in Nov 23 - Oct 24 (2.49% points) versus prior period
  - Critical for buyers and suppliers
  - Potential for trend to continue – efficiency, savings

## Framework Agreements versus Non-Framework Agreements

### Framework Agreement (analysis).

Framework Agreement	Contracts	Buyers	Suppliers	Total Value	Median Value
Non-Framework	118,611	9,035	36,551	804,956,169,661	113,498.481
Framework	26,885	3,055	19,653	1,728,192,593,783	266,950.764

### Framework Agreement (breakdown).



- Analysis of framework awards shows the high relative value of frameworks
  - 18.48% of notice volume, but 68.2% of award value
- 35% of suppliers have access to 68.2% of the total value of contract awards published in Oct 23-Sept 24...gap is growing
- Frameworks tend to be for larger, longer and more complex requirements (but not always)
- **Essential for suppliers to track and engage with frameworks**
  - *But a large volume of notices still exist outside of this approach*

## Framework Notices by Buyer Sector

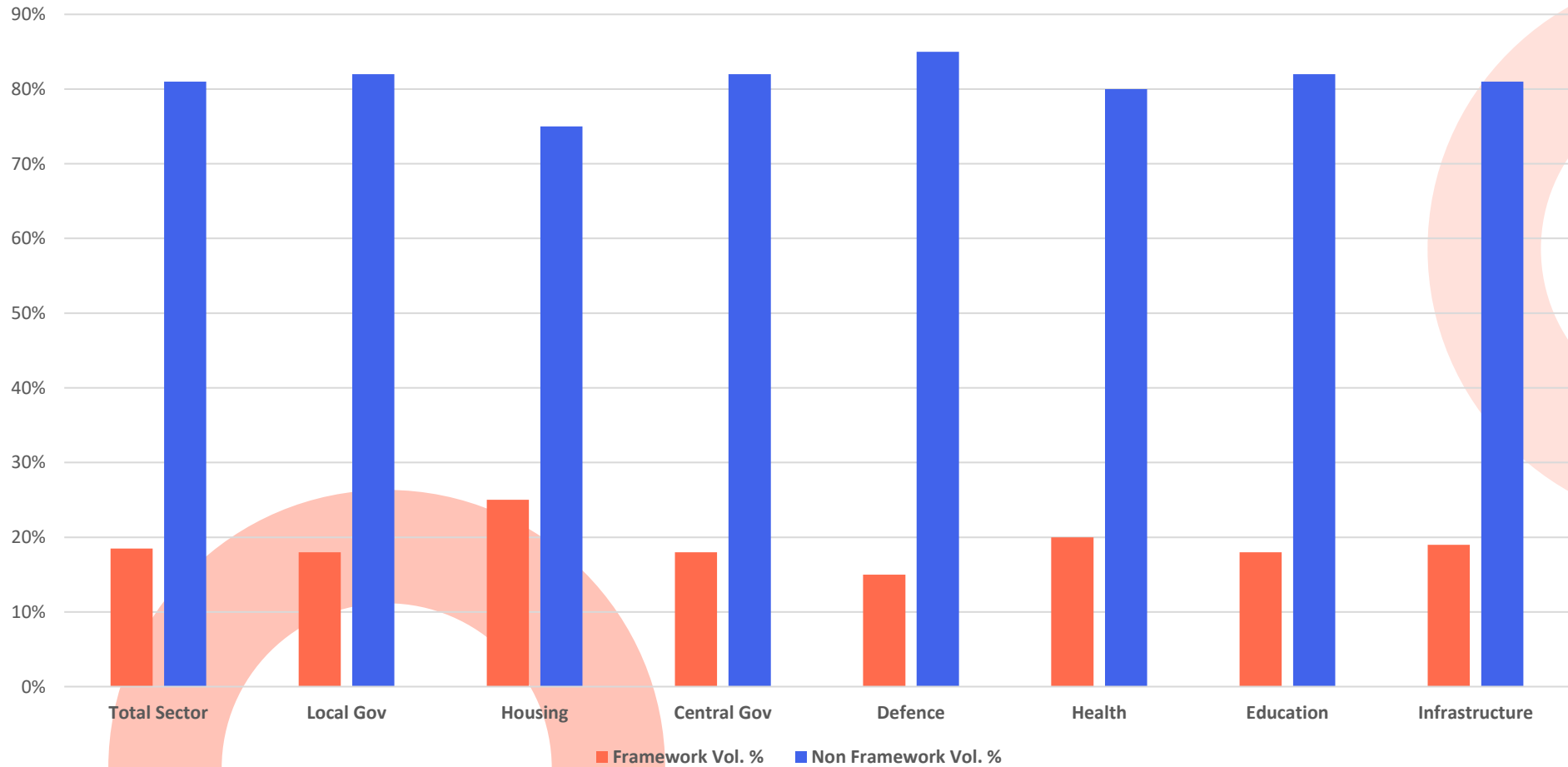
### Buyer Type (analysis).

Buyer Type	Contracts	Contracts percentages	Buyers	Suppliers	Value
Local Government	3,050	35.146%	420	0	335,403,115,810
Other	1,114	12.837%	471	0	208,577,783,985
Central Government	1,007	11.604%	262	0	330,991,301,476
Education	988	11.385%	266	0	12,131,343,080
Health	980	11.293%	289	0	107,979,630,903
Housing	461	5.312%	198	0	24,448,004,043
Utilities	391	4.506%	72	0	89,063,080,399
Transport	340	3.918%	65	0	16,857,260,207
Defence	193	2.224%	17	0	7,079,062,212
Emergency Services	134	1.544%	50	0	1,414,660,779
Consultancy	20	0.23%	7	0	313,860,000

- For Nov 23 to Oct 24 – Local Government published 3,050 framework notices - £335bn value
- LG has 420 buying organisations using frameworks – CG, Health, Education an average of 170
- Central Government 1,007 framework notices, £330bn value (significantly higher value per framework)
- Health 980 framework notices, £107bn value – also high average value
- Total buyers using frameworks = 2117 (not de-duped) – around 50% of the buyer market

## Framework Agreements by Sector

Frameworks Volume by Sector





# Market Competitiveness

Total number of unique Buyers.

**10,601**  
Buyers

Total number of unique Suppliers.

**46,851**  
Suppliers

Number of unique Buyers & Suppliers over time.



Total number of unique Buyers.

**9,804**  
Buyers

Total number of unique Suppliers.

**49,670**  
Suppliers

Number of unique Buyers & Suppliers over time.



- Nov 2022 – Oct 2023 (top)
- Nov 2023 – Oct 2024 (below)
- 7.5% fewer buyer organisations
- 6% more supplier organisations
- Supplier/buyer ratio = **5.07:1**
- Was **4.42:1**
- (last month the comparison was 4.97:1 and 4.34:1, respectively)
- Established trend – market *is* more competitive overall
  - Early Engagement and relationship building more important than ever

## Other news...

- Procurement Act 2023 – still commencing on 24 February 2025
- Revised NPPS cause for delay:
  - *The NPPS is a statutory statement which allows the Government to set and communicate the wider policy objectives to which it expects public procurement to contribute. This might include, for example, objectives to increase skills or jobs in a certain industry or area, or to align with the pledge to achieve net zero by 2050. In 2021/2022 public procurement made up about a third of public sector spending; it can therefore have a large impact on the achievement of these wider objectives.*
- New NPPS likely to have more focus on social value and engagement with SMEs and VCSEs
- CA's obliged to 'have regard to' the NPPS policy priorities – more weight than currently
- More on this at Procurement Act Live (27 February 2025 – [www.procurementactive.co.uk](http://www.procurementactive.co.uk))  
DPRTE (26/27 March 2025 - [www.dprte.co.uk](http://www.dprte.co.uk))  
and Procurex England (21 May 2025 - [www.procurexnational.co.uk](http://www.procurexnational.co.uk))