GETTING THE MACHINE LEARNING: APPENDIX 2

AI & IT procurement data, from Tussell's data platform

September 2024

1. Introduction

Tussell aggregates data on government contracts and spending. *Reform* partnered with Tussell to support this paper, by bringing together data on procurements related to AI and wider digital spending.

The data captured by Tussell covered spend data and contract data, for England only from 2017 to 2023.

1.1 Methodology

This report is based on open procurement data from official sources aggregated, organised and augmented by Tussell.

There are two datasets used in this report. Spend data is gathered from the invoices published by public sector bodies for transparency purposes. Disclosure of all invoices of £500 or more is a requirement for all Central Government departments in the UK (including most of their executive agencies and arm's length bodies) and for Local Government and NHS bodies in England. The transparency regulations for invoice-level spend data do not apply to local authorities and NHS bodies in the devolved administrations, nor to Further & Higher Education bodies and schools across the UK. Therefore, this report is filtered for England only to allow like-for-like analysis.

Contract award data is primarily from Contracts Finders and Find a Tender Service, as well as more than 90 other local, regional, or sector-specific public sector procurement portals.

This report analyses spending over calendar year periods. Data is accurate as of the date of download: 5 July 2024. As of the spend download date, not all contracting authorities had published full invoices for 2023, namely: MOJ department, NHS England, FCDO, DBT. This may under-represent some of the public sector spending in 2023. These buyers have been included in this report, despite their spend gaps.

Revenue of suppliers is shown on a consolidated basis, including relevant subsidiaries. Public sector buyers named in the report are shown on a consolidated basis, including their arms-length bodies and executive agencies. The consolidation is based on the government's own classification system available on gov.uk.

Within spend data analysis, the IT sector is defined at a supplier-level, using supplier SIC (sector industrial classification) codes as self-identified by the company on Companies House, as well as manual cleaning processes. Within contract data analysis, the IT, AI and Cloud sectors are defined using a combination of CPV (Common Procurement Vocabulary) codes and contract title and description key-words.

1.2   Context on use

All data is filtered to public sector buyers in England (to reflect transparency requirements, expanded on in the methodology above). The data covers the calendar year period 2017 to 2023. As of the download date (5 July 2024) not all buyers have published complete spend data, under-representing the size of the IT spend market in 2023.

National categories of spending (i.e. spending by central government departments) are captured in this data under 'England'. The region refers to where the buyer is headquartered, rather than where the spend is going. Because the relevant central government departments are headquartered in England, their total spend is captured. The only buyers that are excluded from this buyer region filter are devolved administrations, headquartered in Scotland, Wales or Northern Ireland. This is because they are not held to the same transparency regulations, and like-for-like comparisons cannot be made.

The AI and Cloud contracts market are filtered to the best of Tussell's ability, relying on contract CPV codes, and contract titles and descriptions. The markets are likely larger in size, but without detailed contract information these are difficult to identify. AI contracts are particularly difficult to identify, and therefore the sample size of the market is fairly low: 806 contracts in total. Individual outliers, therefore, have a greater impact on the trends.

The spike in Q4 2023 in cloud services is as a result of four large contracts:

1. DWP – Hyperscale Public Cloud Procurement 2023 (OGVA2)
2. MoD – End User Services (OFFICIAL)
3. HMRC – HMRC_AWS007 Compute (OGVA2)
4. Home Office – Public Cloud Hosting Services – Supplier 1

2. IT spending

Figure 1: Public sector IT procurement spend by Central Government, Local Government and the NHS in England, 2017 to 2023
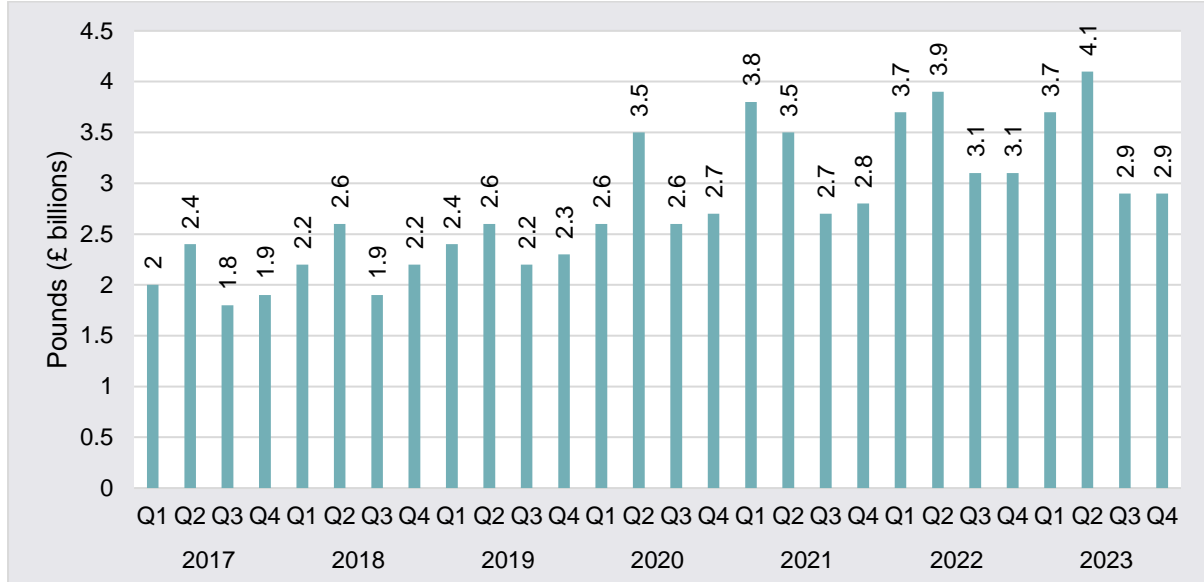

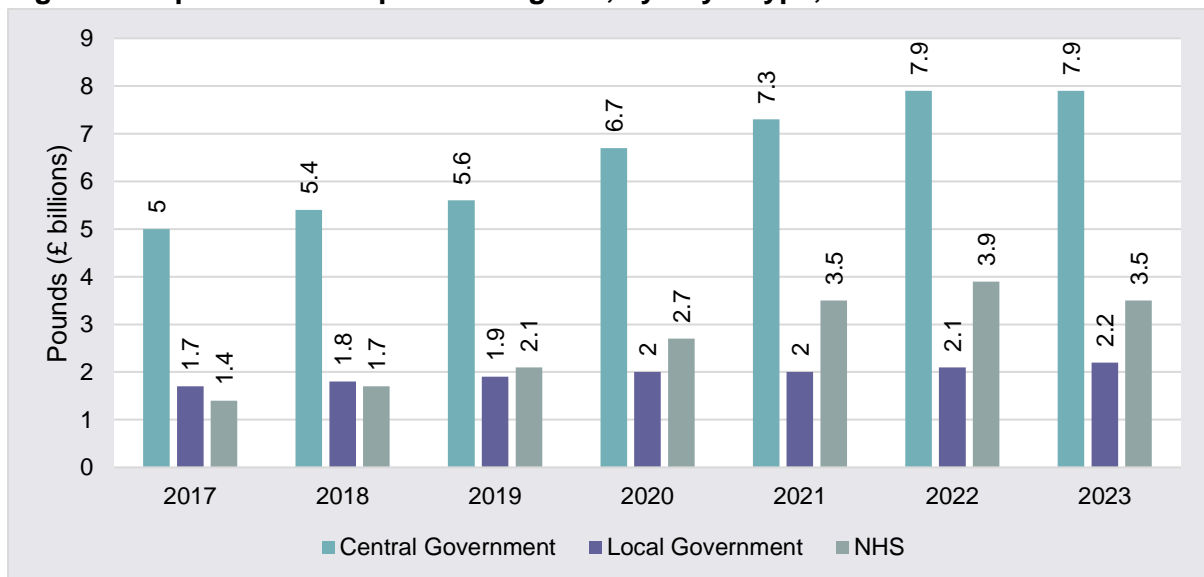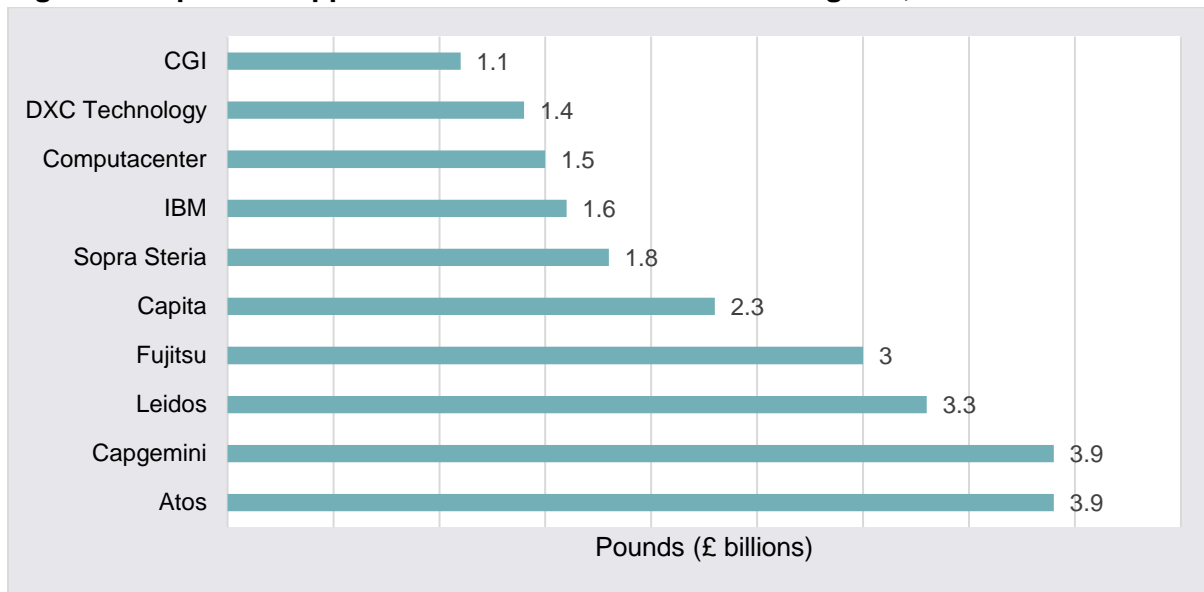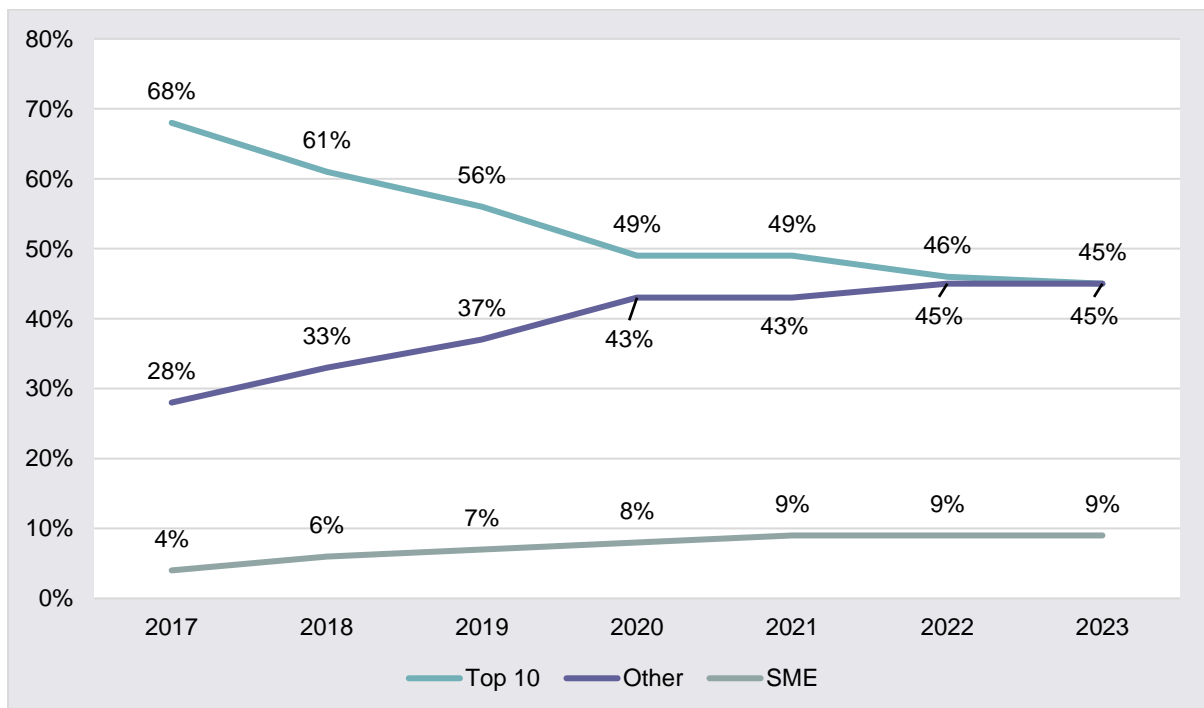**Figure 2: IT procurement spend in England, by buyer type, 2017 to 2023**

Figure 3: Top 10 IT suppliers for Central Government in England, 2017 to 2023

Supplier	Pounds (£ billions)
CGI	1.1
DXC Technology	1.4
Computacenter	1.5
IBM	1.6
Sopra Steria	1.8
Capita	2.3
Fujitsu	3
Leidos	3.3
Capgemini	3.9
Atos	3.9

Pounds (£ billions)

Figure 4: IT procurement spend by Central Government in England, by supplier type, 2017 to 2023

Year	Top 10	Other	SME
2017	68%	28%	4%
2018	61%	33%	6%
2019	56%	37%	7%
2020	49%	43%	8%
2021	49%	43%	9%
2022	46%	45%	9%
2023	45%	45%	9%

3. Cloud contracts

Figure 5: Total awarded Cloud Services value by Central Government, Local Government and the NHS in England, 2017 to 2023
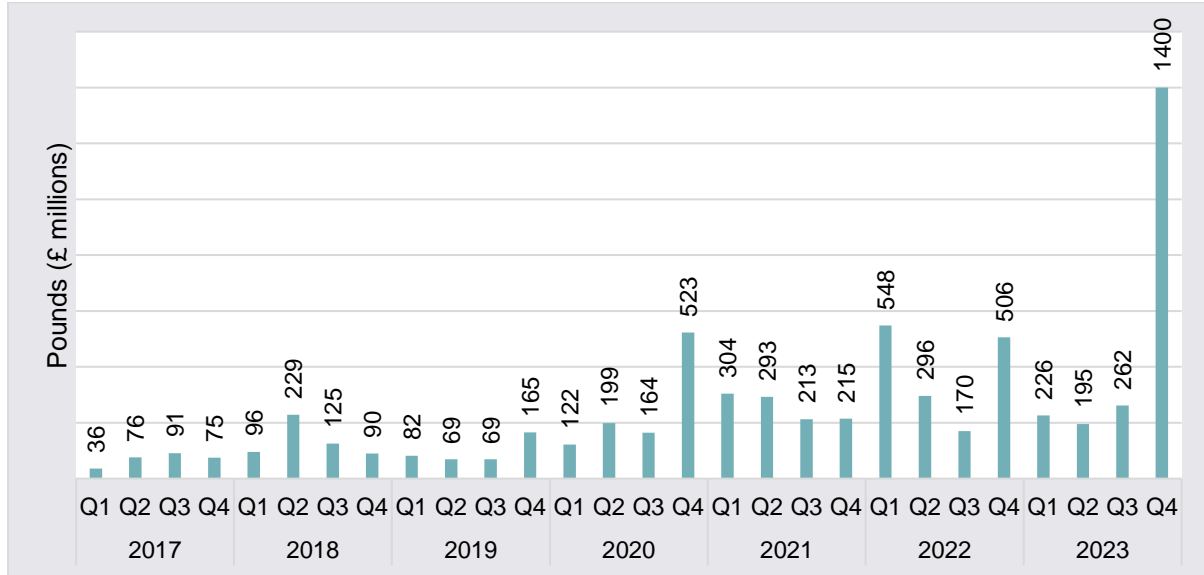

Figure 6: Total awarded Cloud Services volume (number of contracts) by Central Government, Local Government and the NHS in England, 2017 to 2023
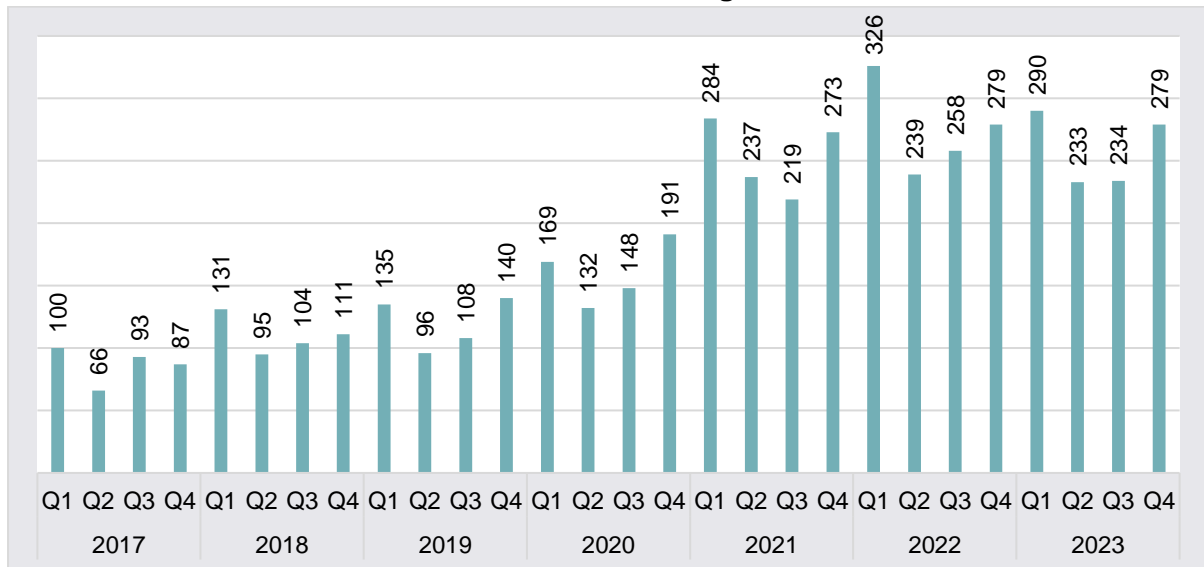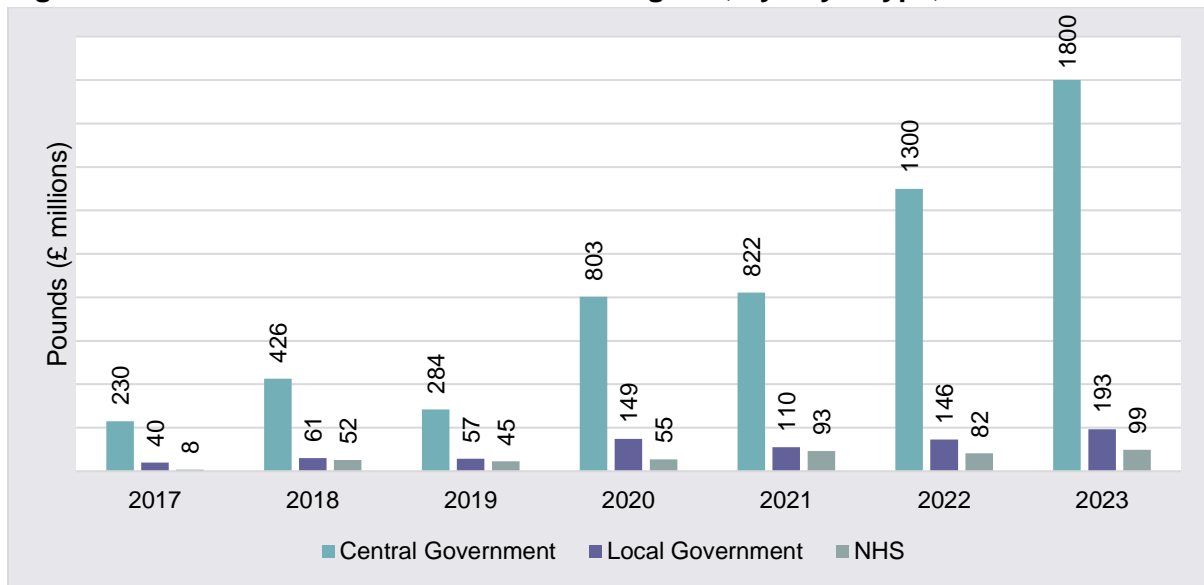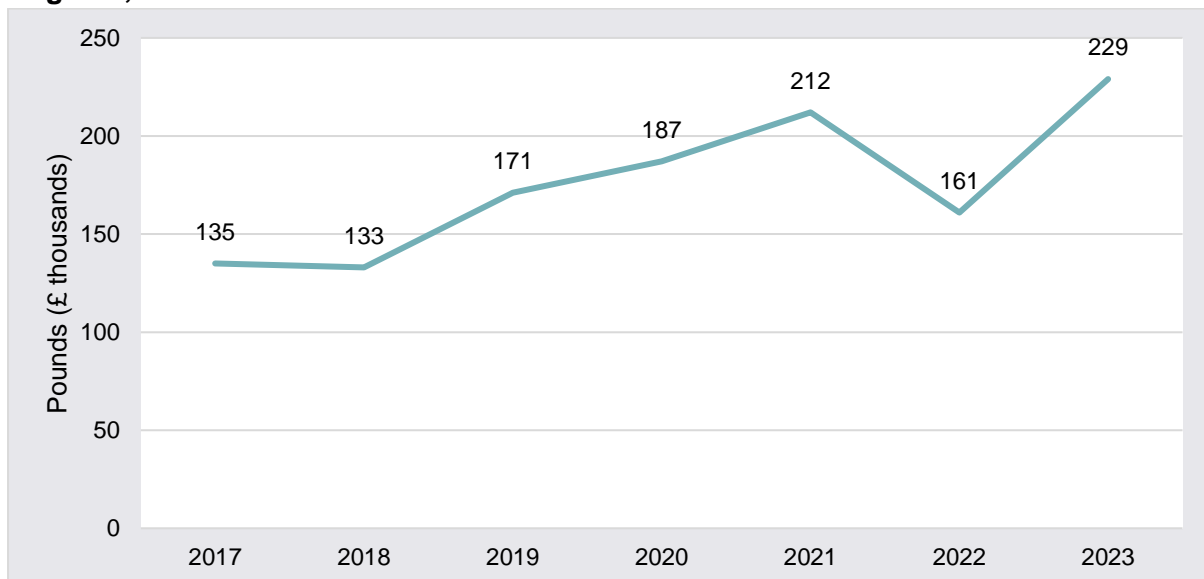
Figure 7: Awarded Cloud Services value in England, by buyer type, 2017 to 2023

Figure 8: Median awarded contract value for Cloud Services, by Central Government in England, 2017 to 2023

4. AI contracts

Figure 9: Total Awarded AI value by Central Government, Local Government and the NHS in England, 2017 to 2023
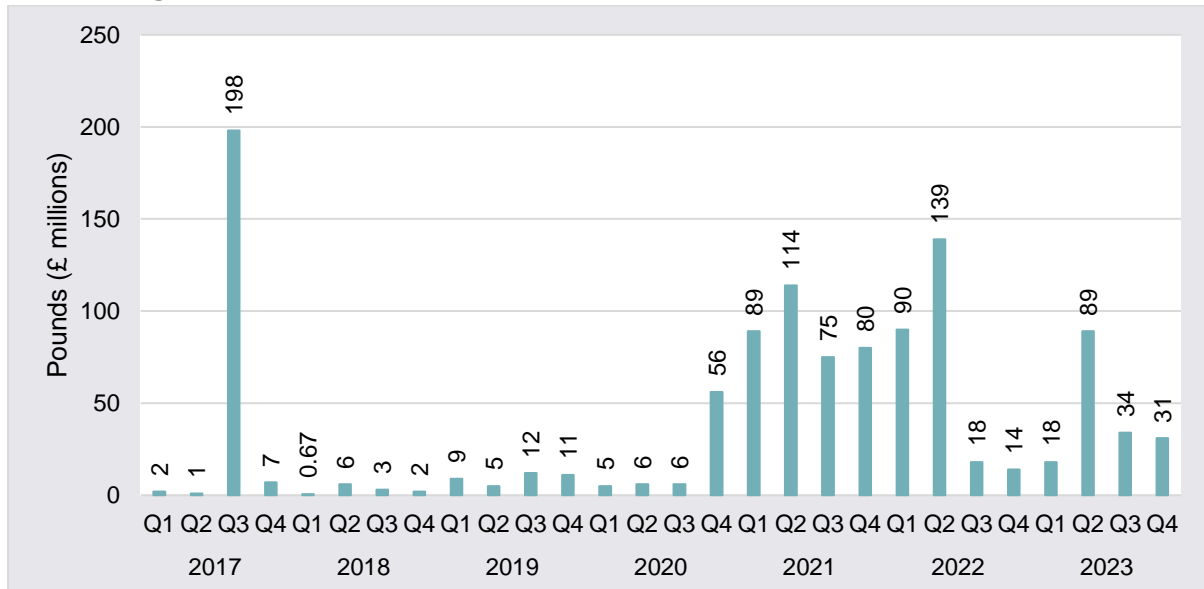

Figure 10: Total Awarded AI volume (number of contracts) by Central Government, Local Government and the NHS in England, 2017 to 2023
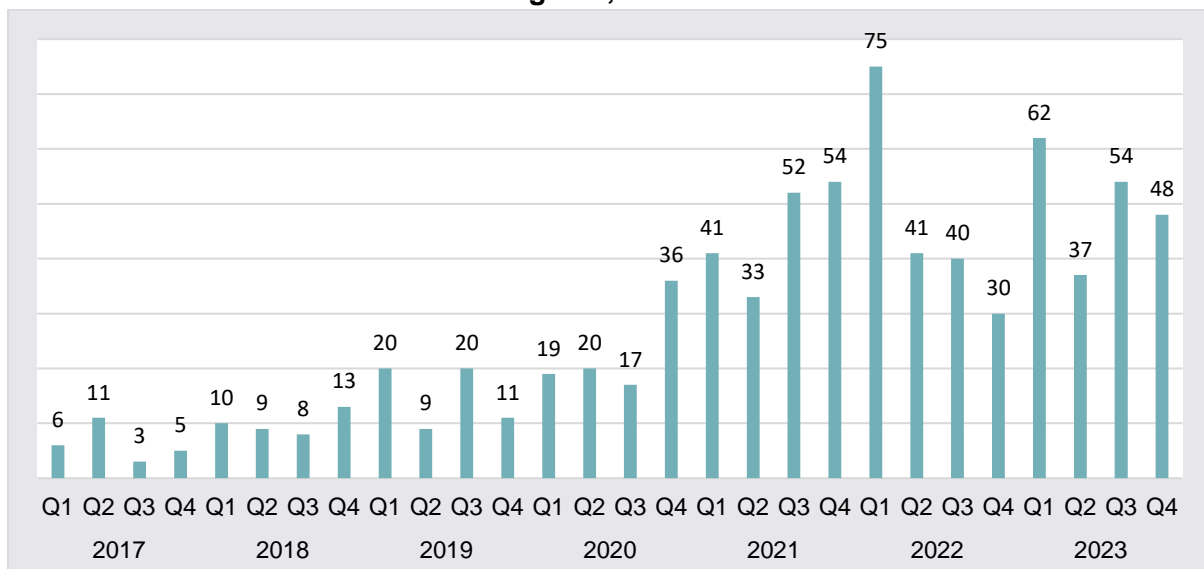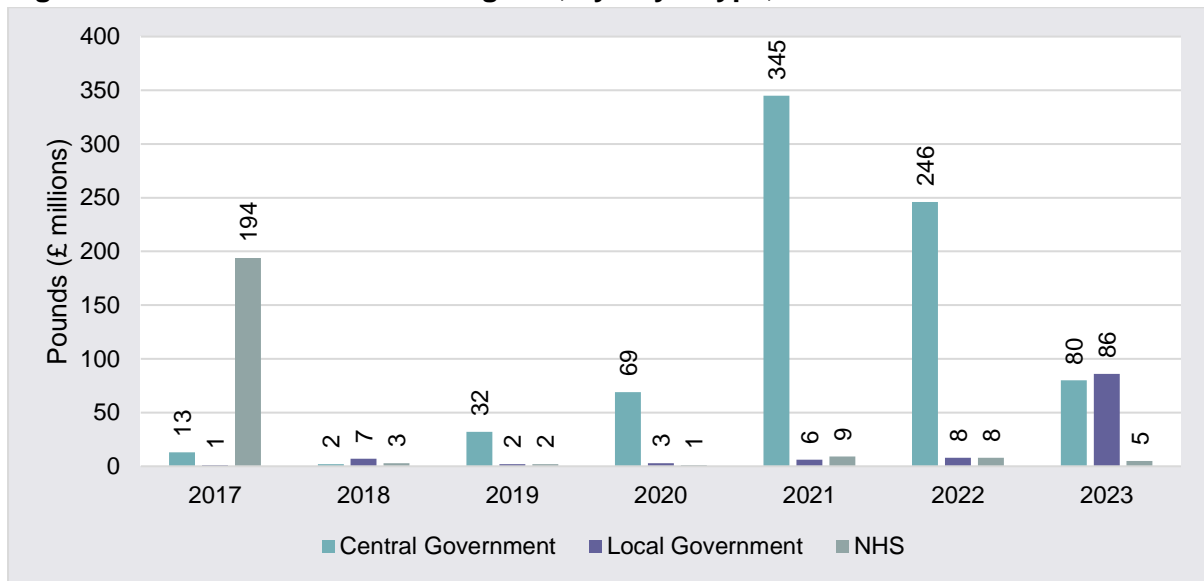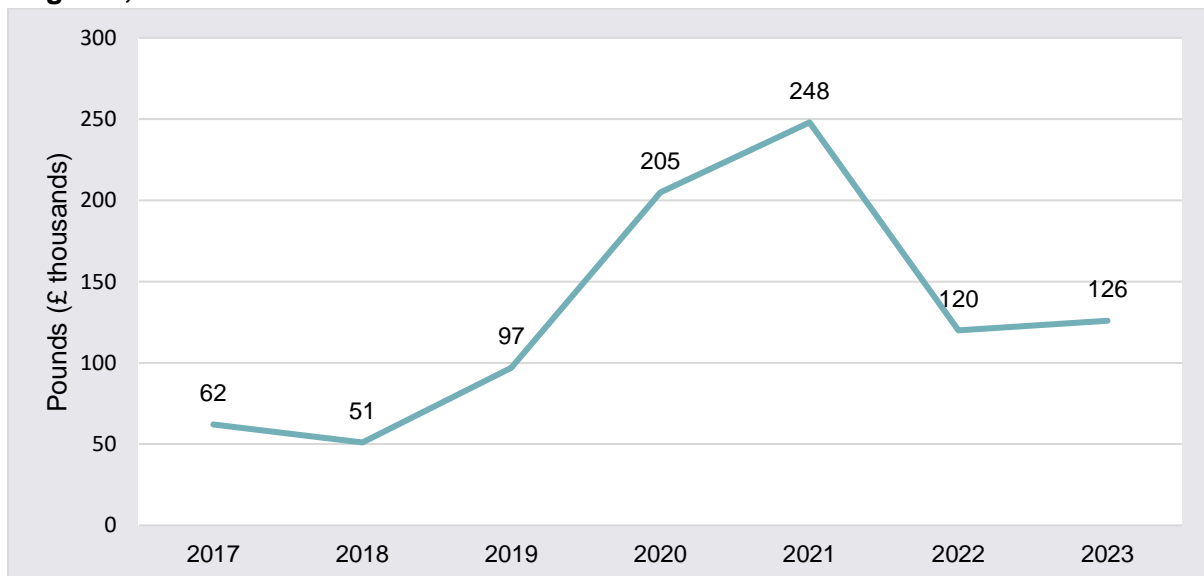
Figure 11: Awarded AI value in England, by buyer type, 2017 to 2023

Figure 12: Median awarded contract value for AI services, by Central Government in England, 2017 to 2023

ABOUT REFORM

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