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Local Government Third-Party Spend Insight 2025

Fifth Edition

INTRODUCTION AND EXECUTIVE SUMMARY

Oxygen Finance are delighted to present the fifth production of the Local Government Third-Party Spend Insight, formerly known as the Almanac, bringing together a view of expenditure across local government in England. For the last five years, this document has raised awareness of how local government bodies in England spend with third parties. This has prompted conversations as to how the sector can better collaborate with partners to meet increasing demand and to get the best possible value from external spend, while demonstrating the positive impact effective procurement can have on communities.

Local government across England collectively reported spend over £91.8bn with suppliers in 2024. This expenditure covers a wide variety of goods and services, all of which are essential to delivering outcomes for our local areas and to support some of the most vulnerable people in society.

The Local Government Transparency Code 2015 sets out the minimum requirement for local government to publish open data, including spend data. It ensures that data about how money is spent is publicly accessible and all expenditure exceeding £500 must be published. This creates a wealth of information and helps with understanding national trends and variations in how local government spend their resources with third parties. Oxygen Finance has developed the Insights Spend tool that aggregates and categorises actual invoice data disclosed by local government bodies in England.

This report covers spend between **calendar years 2022 to 2024** and includes a view of:

- Overall third-party expenditure across English local government.
- Spend by category and local government type.
- Supplier expenditure trends.
- Carbon emissions analysis.

Oxygen Finance encourage local government and their suppliers to use this report to compare spend, review the market, and to support collaboration.

Key Messages

1. Annual total third-party spend continues to increase and is at £91.8bn, up by 10% across 2024 when compared to 2023 and 22% when compared to 2022 spend. Inflation averaged 2.5% across 2024 and 7.3% in 2023, showing that spending with third parties increased in absolute and real terms over the period.

2. The two categories that contribute the most to the 2024 spend are Vulnerable Citizens and Public Health (41% of total third-party spend) and Buildings (23% of total third-party spend) .

3. Adult Social Care continues to be the highest spending subcategory (£26.4bn) within Vulnerable Citizens and Public Health and is driven by higher spend on Residential Care (Elderly) - £8.0bn, Health & Social Care (General) - £4.6bn and Residential (SEN, Disabilities, MH etc) - £4.5bn.

4. The largest percentage change in spend from 2023 to 2024 is Highways & Transport with an increase of 15% (£1.3bn).

5. It is estimated that the increase in supply chain emissions across local government in 2024 compared to 2023 was around 6%, with most emissions categories seeing a rise over the three-year period. The total supply chain emissions were 20.6mn MtCO2e.

FOREWORD

This fifth edition of the Local Government Third-Party Spend Insight continues to offer vital intelligence that supports councils in making informed, strategic decisions around procurement and commissioning. With local authorities across England spending over £91.8bn with third parties in 2024, the need for transparency and collaboration in how this investment is deployed has never been more important.

Third-party spend has increased by 10% compared to 2023, and by 22% since 2022, outpacing inflation and underlining a growing reliance on external suppliers to deliver critical public services. Much of this spend supports outcomes in key areas such as Vulnerable Citizens and Public Health - which alone accounts for 41% of all third-party spend. If the overall increase in spending continues at its current pace, Local Government spend will exceed £100billion in 2025.

In parallel, this year's data highlights a c6% rise in supply chain carbon emissions, reinforcing the role procurement must play in driving progress on environmental goals. Tackling Scope 3 emissions through more sustainable sourcing and supplier engagement remains a pressing challenge for the sector.

Against this backdrop, the importance of effective procurement - and the procurement profession - continues to grow. Procurement leaders are tasked not only with navigating market instability, but also with ensuring compliance with the Procurement Act 2023, and the impact of Devolution and Local Government Reorganisation. They must also unlock added value from spending through social value initiatives and innovation.

We also recognise the vital role of the supplier community. There is a real opportunity for suppliers to work more closely with local government - not just to deliver services, but to help solve complex challenges through greater collaboration, innovation, and shared purpose. By forging stronger, more strategic partnerships, suppliers can be part of the solution in creating more resilient, sustainable local communities.

This annual Spend Insight is designed to support both local authorities and their partners in understanding spend trends, identifying opportunities, and encouraging collaboration that drives better outcomes for people and places. We hope it continues to provide a foundation for more informed conversations and more impactful decisions across the sector.

Vicki Sloane
CEO, Oxygen Finance

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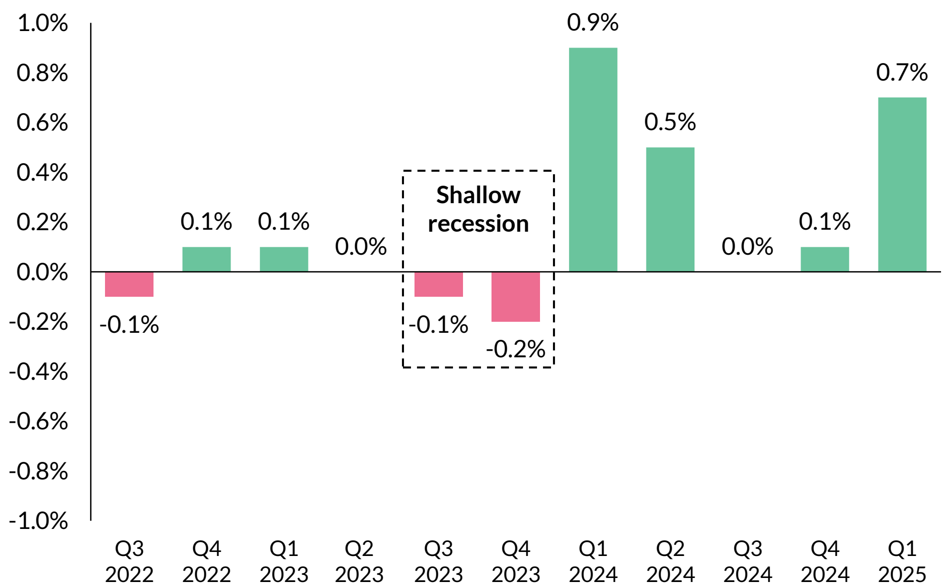
National Spend Summary

ECONOMIC CONTEXT

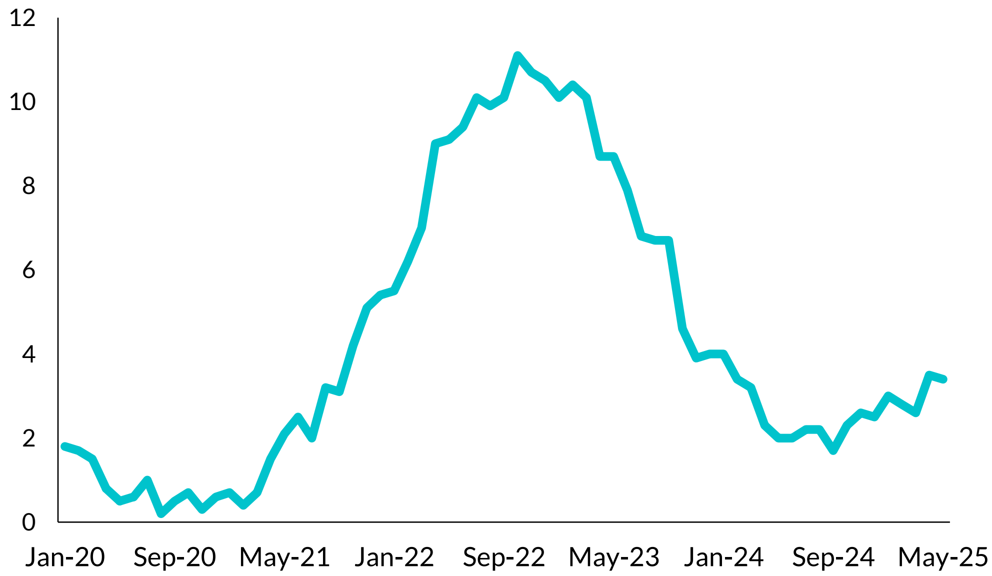
After the shallow recession that marked the end of last year's reporting period, this year's report reflects a phase of steady, if modest, GDP growth.



OECD forecasts indicate that UK GDP will continue to grow throughout the rest of 2025, averaging just over 1%.

Following an 18-month decline in inflation that saw it return to the Bank of England's 2% target in May-June 2024, inflation has edged up again over the past year.

UK Inflation (Consumer Price Index)

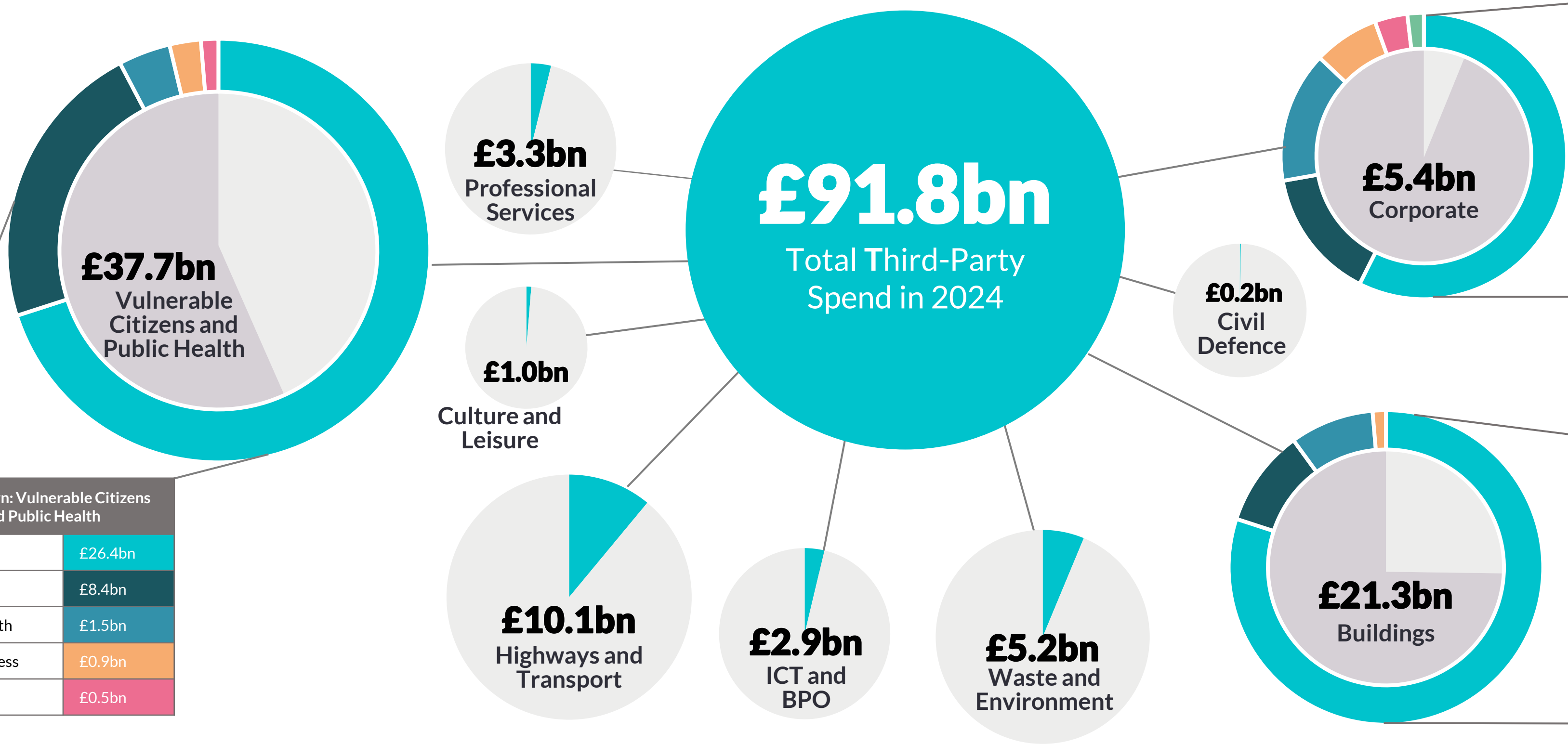


The Office for Budget Responsibility forecasts CPI reaching a high of 3.7 in Q3 2025, falling sharply to 1.8 by Q3 2026. Note that this report considers expenditure on a nominal basis, meaning no adjustments have been made for inflation.

*Office of National Statistics

Sources: 1, 2, 3, 4.

£91.8BN TOTAL SPEND CAN BE APPORTIONED AGAINST NINE MARKETS AND CATEGORIES



Breakdown: Vulnerable Citizens and Public Health	
Adult SC	£26.4bn
Child SC	£8.4bn
Public Health	£1.5bn
Homelessness	£0.9bn
Health	£0.5bn

Breakdown: Corporate	
Workforce	£3.1bn
Training and Education	£0.8bn
Office Solutions	£0.8bn
Comms & Marketing	£0.4bn
Benefits	£0.2bn
Travel	£0.1bn

Breakdown: Buildings	
Property and Construction	£17.6bn
Facilities Management	£2.2bn
Utilities	£1.9bn
Enforcement and Parking Services	£0.3bn

A proportion of spend is pending categorisation and therefore has not been apportioned to specific categories of spend shown in this image. All data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025, which comes from published council data.

LOCAL GOVERNMENT IN ENGLAND SPENT £91.8BN ON THIRD PARTIES IN 2024; HERE ARE SOME KEY INSIGHTS

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£91.8bn

overall local government expenditure on third parties (2024)

Third-party spend is up by 10% compared to 2023

41%

of total third-party spend is on the Vulnerable Citizens and Public Health category

23%

of total third-party spend is on the Buildings category

Compared to 2023:

- The biggest absolute spend increase was Vulnerable Citizens and Public Health, at £3.8bn (11%)
- The biggest percentage increase was Highways & Transport, at 15% (£1.3bn)

6%

of UK emissions driven by local government supply chains

20.6mn

Sum of Carbon MtCO2e in 2024

Carbon MtCO2e is up by 6% compared to 2023

Almost all categories of spend saw an increase in spend when comparing to 2023.

One category had a reduction in spend: Culture & Leisure

Biggest spend areas across local government are:

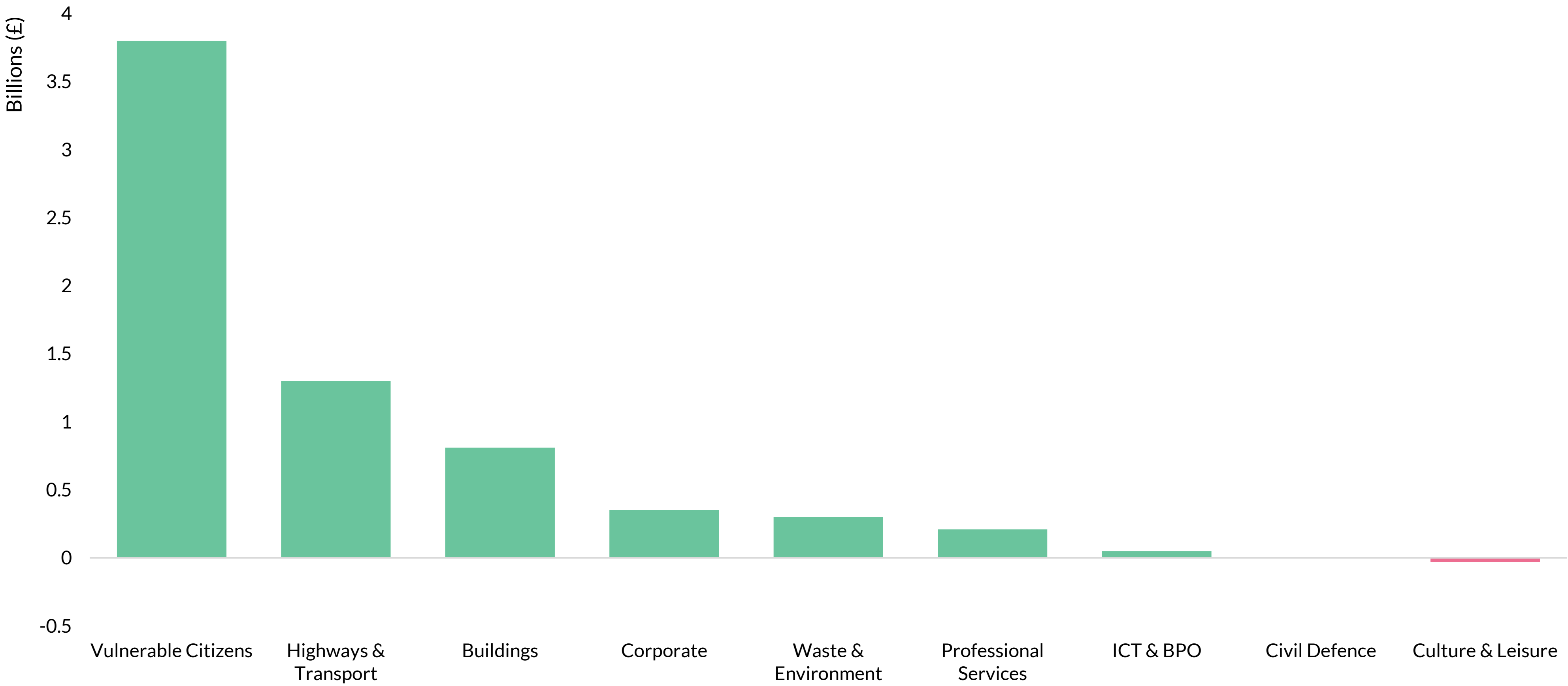
- Vulnerable Citizens and Public Health
- Buildings
- Highways and Transport
- Corporate

All data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025.

ALMOST ALL CATEGORIES OF SPEND HAVE SEEN AN INCREASE IN SPEND IN 2024 COMPARED TO 2023

Whilst almost all categories have seen an increase in third-party spend from 2023 to 2024, the most notable absolute increase is in Vulnerable Citizens & Public Health by £3.8bn (11%). Increases to ICT & BPO (1.8%), and Civil Defence (2.4%) were lower than the rate of inflation (2.5%), with Culture & Leisure being the only category to see a reduction in expenditure from 2023 (-3.1%).

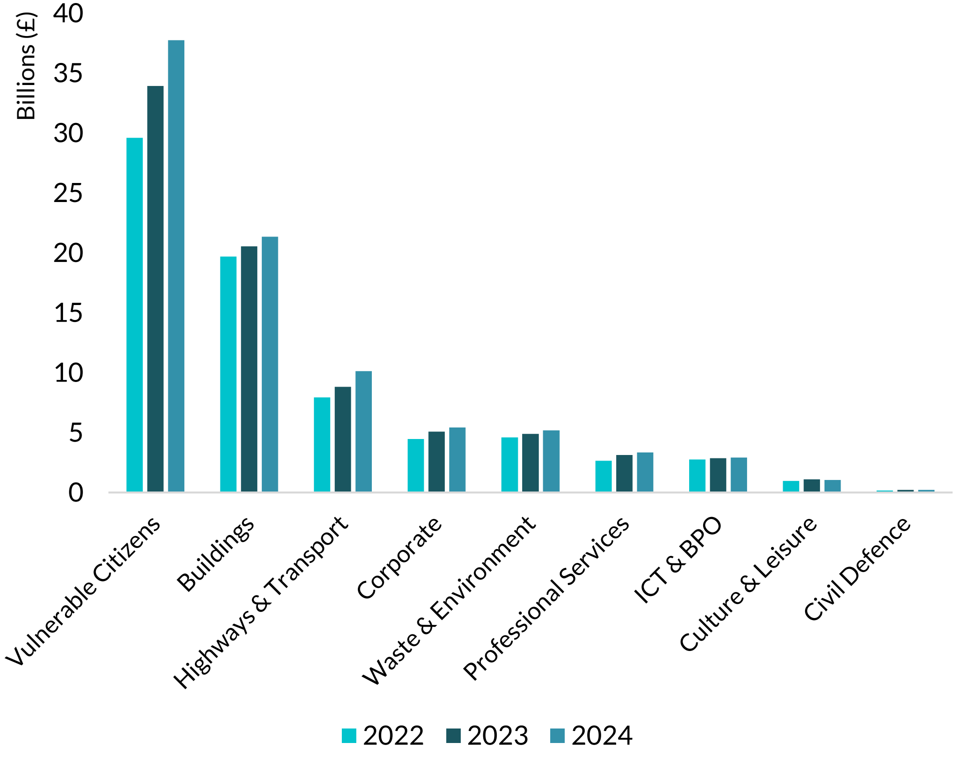
Spend difference by category from 2023 to 2024



All data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025.

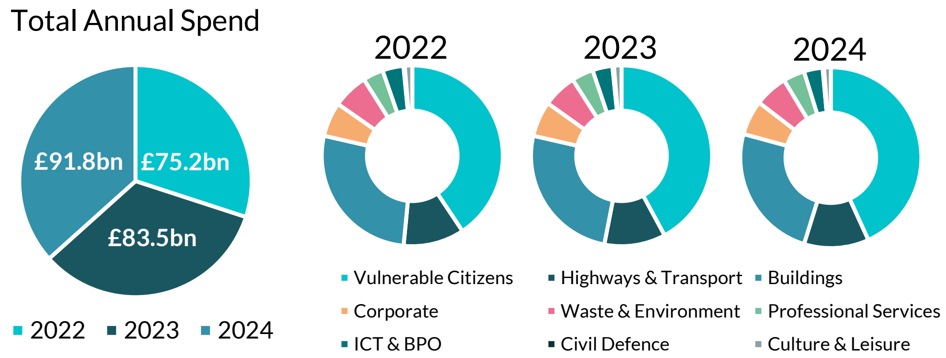
HOW THIRD-PARTY SPEND HAS CHANGED IN 2024

Third-party spend by category from 2022 to 2024



A proportion of spend is pending categorisation and therefore has not been apportioned to specific categories of spend in this chart. All data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025.

Spend difference by year and category from 2022 to 2024



Commentary

- We continue to see increased third-party expenditure across English local government in both absolute and real terms over the 2-year period. 2024 saw a 10% increase in expenditure compared to the prior year, and from 2022 to 2024 there has been a 22% increase.
- Almost all categories have seen an increase in third-party spend compared to 2023. Culture and Leisure is the only category to see a reduction in third-party spend in 2024, falling by -3% in 2024 compared to 2023.
- Vulnerable Citizens and Public Health spend has consistently increased year on year, it is up by £8.1bn in 2024 compared to 2022, which is a 27% increase. Adult Social Care accounted for 70% of total spend within this category.
- Building spend has also consistently increased, it is up by £1.7bn in 2024 compared to 2022, which is an 8% increase. In contrast to previous years, Utilities has seen a reduction due to a fall in spend on electricity and gas in 2024. Increased spend on Property and Construction is responsible for the overall category rise.
- The largest percentage increase in 2024 is in the Highways & Transport category; £1.3bn additional spend equating to a 15% rise in 2024, and an increase of 28% over the two-year period.
- Following an 18% increase from 2022 to 2023, Professional services spend slowed in 2024, with an increase of 7%.
- Corporate has overtaken Waste and Environment to become the fourth largest category of spend. With an increase of 7% in 2024, it now accounts for 6% of overall third-party spend.

2 Supplier Analysis

THE 20 SUPPLIERS WITH THE HIGHEST SPEND IN 2024

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Supplier	Dominant spend category 2024	£ spent by local government bodies in 2024	Position change from prior year
Matrix SCM Ltd	Corporate	> £900mn	↑
Veolia Group	Waste & Environment	> £850mn	↓
Balfour Beatty	Highways & Transport	> £650mn	=
ENGIE (including Equans)	Buildings	> £500mn	↑
Transport for Greater Manchester	Highways & Transport	> £500mn	↑
Morgan Sindall Plc	Buildings	> £500mn	↑
SUEZ Environnement	Waste & Environment	> £500mn	↑
Wates Group	Buildings	> £500mn	↑
Milestone Infrastructure Ltd	Highways & Transport	> £450mn	↑
Kier Group	Buildings	> £450mn	↓
Willmott Dixon	Buildings	> £450mn	↓
Eurovia UK Ltd (inc Ringway)	Highways & Transport	> £400mn	↓
Totalenergies Gas & Power Ltd	Buildings	> £350mn	↑
Comensura Ltd	Corporate	> £300mn	↓
Birmingham Highways Ltd	Highways & Transport	> £300mn	○
Biffa	Waste & Environment	> £300mn	↓
Amey UK Plc	Highways & Transport	> £250mn	↑
EDF Energy	Buildings	> £250mn	↓
Northamptonshire Children's Trust Ltd	Vulnerable Citizens & PH	> £250mn	○
Change Grow Live	Vulnerable Citizens & PH	> £250mn	○

All data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025, comparing highest supplier list to the 2024 edition.

Commentary

The table on the left shows the 20 highest spend suppliers across all categories. From this we can see that the Waste & Environment, Buildings, and Highways & Transport category suppliers dominate the highest spend supplier list. Many of these suppliers may be prime suppliers that have a supply chain, or subcontractors that sit beneath them.

Matric SCM have overtaken Veolia Group as the supplier gaining most spend.

The top 80% of spend in 2024 (£73bn) was with 7,962 suppliers.

The 20 suppliers with the highest spend in 2024 are largely the same as the previous year, with a few exceptions:

- Birmingham Highways Ltd, Northamptonshire Children's Trust and Change Grow Live are now part of the top 20 suppliers.
- Total spend with the top 20 suppliers exceeds £9.3bn in 2024, compared to £8.3bn in 2023, representing approximately 10% of overall third-party spend.

Key: Position change for suppliers illustrating a relative spend comparison to other suppliers	
=	No change to position as 20 suppliers with highest spend
↑	Supplier position has increased
↓	Supplier position has decreased
○	Supplier was not in the 20 suppliers with highest spend in 2023

THE 20 SUPPLIERS BY HIGHEST NUMBER OF LOCAL GOVERNMENT BODIES THEY WORKED WITH IN 2024

Supplier	Dominant spend category 2024	Number of local government bodies supplier works with	Position change from prior year
Civica	ICT & BPO	317	=
Royal Mail Group Ltd	Corporate	315	=
Idox Plc	ICT & BPO	298	=
Citizens Advice Bureau	Vulnerable Citizens & PH	287	=
British Telecom	ICT & BPO	277	=
Zurich Insurance Plc	Professional Services	262	=
Capita Group	ICT & BPO	249	=
G2V Recruitment Group Ltd	Corporate	229	=
NEC Software Solutions	ICT & BPO	218	=
Civica Election Services	Corporate	217	=
EDF Energy	Buildings	212	↑
Vodafone	ICT & BPO	207	↓
The Wildlife Trusts	Waste & Environment	207	↑
Totalenergies Gas & Power Ltd	Buildings	205	↑
Phoenix Software Ltd	ICT & BPO	203	=
Softcat Ltd	ICT & BPO	199	○
Savills (UK) Ltd	Buildings	198	↑
Npower Ltd	Buildings	197	=
E.On UK Plc	Buildings	195	○
Quadient UK Ltd	Corporate	193	=
Bevan Brittan LLP	Professional Services	187	○
Grant Thornton	Professional Services	184	○

All data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025, comparing highest supplier list to the 2024 edition.

Commentary

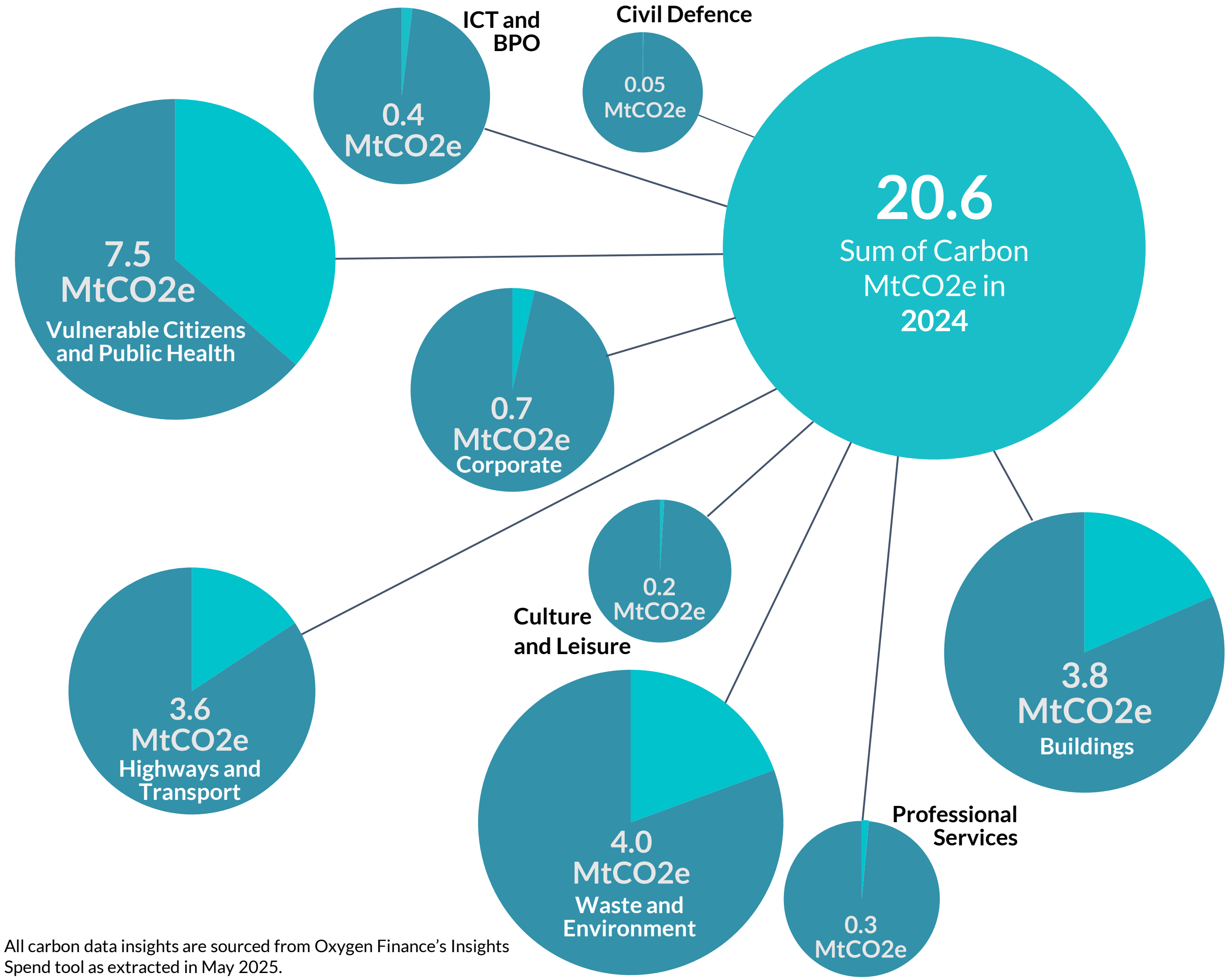
The table on the left shows the 20 suppliers, by highest number of local government bodies they worked with in 2024, that have at least £10mn spend placed with them across multiple local government bodies in 2024.

In addition to what is shown in this table, there are 271 suppliers that had in excess of £10mn spend placed with them and were working with 50+ local government bodies in 2024.

Key: Position change for suppliers illustrating a relative comparison to other suppliers	
=	No change to position as 20 suppliers with highest number of local government bodies
↑	Supplier position has increased
↓	Supplier position has decreased
○	Supplier was not in the 20 suppliers with highest number of local government bodies

3 Carbon Emissions Analysis

6% OF UK EMISSIONS ARE DRIVEN BY LOCAL GOVERNMENT SUPPLY CHAIN



All carbon data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025.
All figures in Millions of Metric Tonnes of Carbon Dioxide Equivalents.
Total is rounded to one decimal point.

*Dept for Energy Security & Net Zero. March 2025.

Commentary

In 2024, supply chain emissions across local government amounted to c20.6 million tonnes of carbon dioxide or equivalents. This compares to UK wide emissions estimated at 371 million tonnes of carbon dioxide equivalent*. While overall UK emissions saw a 4% reduction from 2023, Local Authority supply chain emissions have seen an increase of 6%, largely driven by increases in two categories, Vulnerable Citizens & Public Health and Highways & Transport.

Overall carbon efficiency, however, has improved. This is the amount of carbon dioxide emitted per £1 spent and reflects the increased environmental focus and efforts by councils and suppliers.

Place Directors continue to be at the forefront of climate efforts as over half of the emissions are within their control, coming from waste, transport, buildings and construction. Efforts towards decarbonisation are having an impact, but with an increase of 13% in Highways & Transport emissions alone there's still plenty of scope to work with suppliers on carbon reduction strategies.

Vulnerable Citizens and Public Health is an area of increasing emissions with an 8% rise compared to 2023 and continues to present a challenge. The majority of emissions across this category come from existing buildings and transport, two areas where steps can be taken to work proactively with providers to reduce emissions.

INCREASE IN CARBON MTCO2E IN 2024 COMPARED TO 2022

Increases across most categories contribute to an overall rise in Carbon emissions of 7% from 2022 to 2024, although the significant rise in absolute spend for Vulnerable Citizens and Public Health (11%) and Highways & Transport (15%) drives much of the increase.

A rise in emissions across six categories contrasts with the three-year trend reported last year, and highlights the challenge faced in seeking sustainable solutions to counteract increased demand.

(MtCO2e estimate) difference by category from 2022 to 2024

Emissions Category	2022	2023	2024	3 Year Change
Buildings	4,042,952	3,804,361	3,849,363	↘
Civil Defence	38,045	46,878	47,743	↗
Corporate	583,450	641,400	678,012	↗
Culture & Leisure	209,782	218,145	205,104	↘
Highways & Transport	3,099,736	3,217,998	3,621,353	↗
ICT & BPO	411,104	395,338	391,506	↘
Professional Services	276,527	297,355	310,600	↗
Vulnerable Citizens & Public Health	6,609,327	6,913,217	7,457,194	↗
Waste & Environment	3,958,427	3,901,286	4,017,487	↗
Total	**19,229,351**	**19,435,959**	**20,578,360**	↗

4.1

Appendix 1:
Spend by Council Type

THE £91.8BN THIRD-PARTY EXPENDITURE IN 2024 CAN BE APPORTIONED AGAINST THE SIX LOCAL GOVERNMENT TYPES

All six government types have increased their spend in 2024 relative to 2022. Unitary Councils are now responsible for more spend than any other type and have seen the greatest percentage increase in spend in 2024 compared to 2022, driven by a rise in spend on Health & Social Care and Highways & Transport. Combined Authorities have seen an increase of 29% with growth in Highways & Transport and Corporate categories.

Single Tier

Unitary Councils

26% of total third-party spend in 2024

Three year spend trend is **+35%**

Total Spend of **£24.1bn**

London Boroughs

20% of total third-party spend in 2024

Three year spend trend is **+17%**

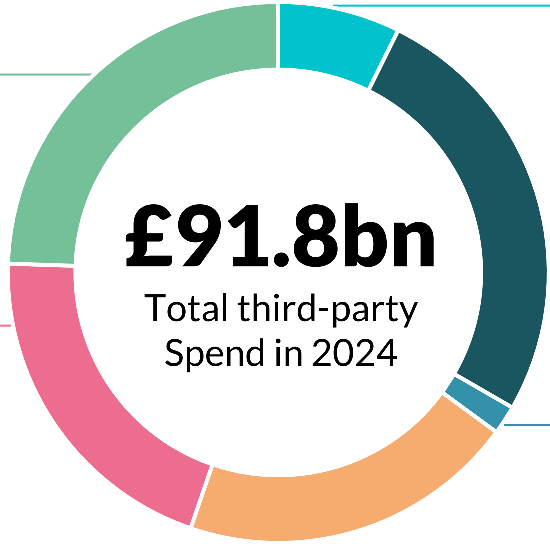
Total Spend of **£18.0bn**

Metropolitan Authorities

20% of total third-party spend in 2024

Three year spend trend is **+19%**

Total Spend of **£18.1bn**



Two-Tier

District Councils

7% of total third-party spend in 2024

Three year spend trend is **+14%**

Total Spend of **£7.0bn**

County Councils

25% of total third-party spend in 2024

Three year spend trend is **+19%**

Total Spend of **£22.8bn**

Combined Authorities

2% of total third-party spend in 2024

Three year spend trend is **+29%**

Total Spend of **£1.8bn**

All data insights are sourced from Oxygen Finance's Insights Spend tool as extracted in May 2025.

4.2

Appendix 2: Key Questions, Data and Limitations

KEY QUESTIONS: WHAT'S NEXT?

Spend

- How well are you collaborating with other public bodies to leverage spend with suppliers?
- What actions can you take to promote sustainable growth for local SMEs?
- Have you undertaken a review of your tail spend and rogue spend?
- Do you regularly undertake assurance reviews of key contracts to ensure service delivery and to identify efficiencies or savings?
- How have the changes brought about by procurement reform impacted supply chain spend?
- How are you preparing for Devolution and Local Government Reorganisation?

Carbon

- Does your local government body have a "holistic" baseline capturing all emission scopes?
- Have you completed emissions screening to understand your supply chain emissions?
- How prominent is Sustainable Supply Chain in your organisation's Sustainability Strategy?
- Is your climate action plan fully costed and modelled to understand cost per tonne of carbon removed? (£MtCO2e/MACC modelling)
- Do you have the right skills, capacity and capability to drive forward sustainable supply chain?
- Do commissioning services/departments understand Scope 3 emissions?

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 Insights Spend tool.
- Data accuracy and categorisation is dependent on published information.
- Spend data for this document is a point in time collected from the Insights Spend tool in May 2025.
- Estimated Carbon data for this document is a point in time collected from the Insights Carbon tool in May 2025.
- Data in this document is apportioned against categories based on Oxygen Finance categorisation at the point of collection.
- Data in this document has been presented by calendar year.
- A proportion of spend (4.9%) is uncategorised and therefore has not been apportioned to specific categories. This means on some of the slides, in some circumstances, categories shown will not add up to the total of £91.8bn.
- The spend data includes redacted data which covers payments to individuals and other sensitive areas.
- The supplier pareto of the top 80% of spend is based upon suppliers that have been categorised as supplier against specific spend categories by Oxygen Finance in their Insights Spend only.
- Expenditure and trend percentages in this document are absolute and have not been adjusted for inflation.

FURTHER INFORMATION

To learn more about this 2025 Spend Insight, have a more detailed conversation about your particular area, or for more information on Oxygen Insights procurement intelligence, speak to Cameron.

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