Joined-up local government: Corporate systems in local authorities

Description:
This report summarizes the status of the UK public sector corporate systems within local authorities market. It is intended both for those currently working with public sector clients, and those considering this market for the first time.

A new report by Kable Market Intelligence finds that UK councils spent more than £270m on finance and management software in 2012/13. But as central corporate functions have a key role to play in supporting major efficiency and transformation programmes – especially in assisting service leaders in aligning processes and resources to meet current and future requirements – demand for more modernised and integrated solutions will grow.

Although the market is mostly dominated by the larger and more established tier one suppliers such as SAP and Oracle, it is opening up for a range of alternative providers, as demonstrated by the recent successes of UNIT4, Advanced Business Solutions and MidlandHR.

The migration to more flexible cloud-based solutions will help diversify the market, and Kable's study has identified a growing interest among local authorities in 'as a service' models for corporate systems, with the majority of councils surveyed agreeing the market and solutions have matured sufficiently to be considered a credible alternative to on-premise systems.

Key Features and Benefits

Kable covers the use of ICT in the public sector across England, Scotland, Wales and Northern Ireland.

Key Market Issues

- Gain insight into the public sector ICT corporate systems within local authorities market in the UK.

Key Highlights

In 2012/13, local authorities spent just over £200m on finance and management software, representing 24% of total local government software expenditure. If revenues and benefits software expenditure is included, the market grows to £273m. Revenues and benefits (£73m) and core accounting (£55m) represent the largest markets in terms of spend, but they are also the least contestable. The top three suppliers (Capita, Northgate and Civica) control 90% of revenues and benefits software spend, while the top four suppliers (SAP, Oracle, UNIT4 and Advanced Business Solutions) account for 78% of the core accounting market.

Although the facilities and assets, and risk and compliance, markets are smaller in terms of spend, they are much more contestable. The top three suppliers only have a combined market share of 29%. Councils face mounting financial and service pressures, and while many will continue to look to squeeze out further tactical savings and cut headcount, suppliers will increasingly need to support councils as they shift towards more radical transformation options and new operating models.

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