

The Foundation for Science & Technology

Debate - House of Lords Inquiry into the Role of Public Procurement in Stimulating Innovation

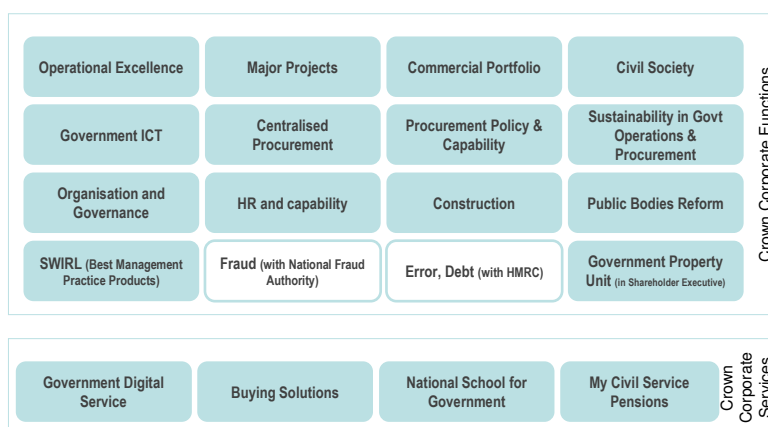
Stimulating Innovation through the Government's Procurement Reform Programme

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Who are the Efficiency and Reform Group?



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Areas of reform which will promote innovation

Capability – fundamental:

- **Licence to Operate including Licence to Source, Category Manage and Contract Manage** – accreditation programme to increase capability of procurement professionals
- **Pilot Commercial Interchange Programme** – facilitate two-way commercial skills and knowledge transfer between government and industry
- **Apprenticeships** – research being undertaken into feasibility of Pan-Government Procurement Apprenticeship Scheme

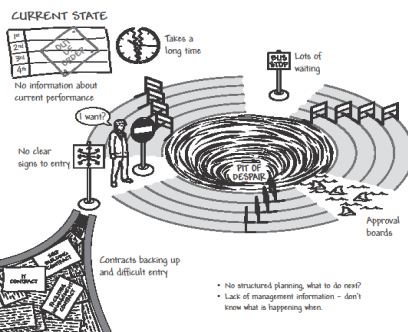
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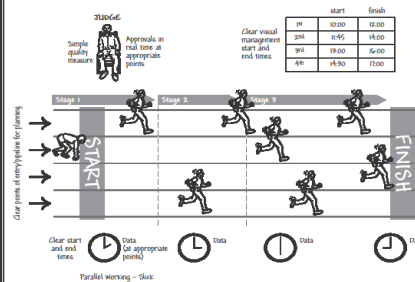
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LEAN Findings – the “prize”

Process Design and Management



Future state:



Ambition:
Majority of Procurement Projects completed within 100 days

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LEAN Study – main themes for emerging findings

Process Design and Management	There is excessive waste built into the existing procurement process from inception through to award : <ul style="list-style-type: none"> • excessive amounts of guidance with too much variation, duplication and confusion over different terms • elongated timescales both pre-OJEU and during the procurement • serial-processing, inefficient engagement with suppliers • input-based specifications vs. outcomes • risk aversion
Bureaucracy	There is endemic bureaucracy in govt procurements leading to excessive levels of approvals & governance
Capability	There is insufficient capacity of capable senior procurement resources with experience of complex projects, a lack of commercial in-house legal advice, and over-reliance on external advisors
Pre-OJEU readiness	The OJEU process is commenced too quickly and with insufficient preparation and planning beforehand.
Mis-use	Poor selection of procurement route is leading to elongated procurements and additional costs for government and suppliers.

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Innovation Launch Pad

- Launched in March
- SMEs invited to submit proposals for how their goods and services could help save Government money or deliver better outcomes – over 350 proposals received
- Civil servants across central Government review and vote on proposals based on the most innovative solution that also offers best value for money
- SMEs' proposals with the most votes present proposals in full at 'Product Surgery' in July
- Intensive mentoring by entrepreneurial experts offered to SMEs with best proposals

Cabinet Office Innovation Launch Pad

Home How it works News Top Proposals Frequently Asked Questions Register for updates

Thank you for your contributions!

Proposals have now entered the "Selection and Presentation" phase.

Proposals are still viewable but it is no longer possible to vote or comment on them.

Updates on the proposals will be via the 'News' tab and emails (to registered users).

Through the Innovation Launch Pad the Cabinet Office invited SMEs to pitch their business proposals for products and services they can provide to drive better value for money for Government as the part of the submission phase on 22nd April. SMEs have submitted a total of 357 proposals.

We asked civil servants from across Government to help choose the best proposals from all those submitted. Voting has now closed and we are analysing the results to identify the proposals to be taken to the next stage.

The SMEs with the best proposals will be offered intensive mentoring from a team including members: Mark, Mike, Lynne and Jon. From these, around 15 SMEs will be invited to present their proposals at a Product Surgery in Whitehall in July. Downing Street will

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Transparency

- All new central Government ICT contracts to be published online from July 2010
- All new central Government tender documents to be published on a single website from September 2010, to be made available free of charge
- All new central Government contracts to be published in full from January 2011 (*now including whether contract let to SME*)
 - A £10,000 threshold applies to all 3 commitments, this was agreed by the Minister for the Cabinet Office (MCO)
- All new items of central Government spend over £25,000 to be published from November 2010 (HMT led)

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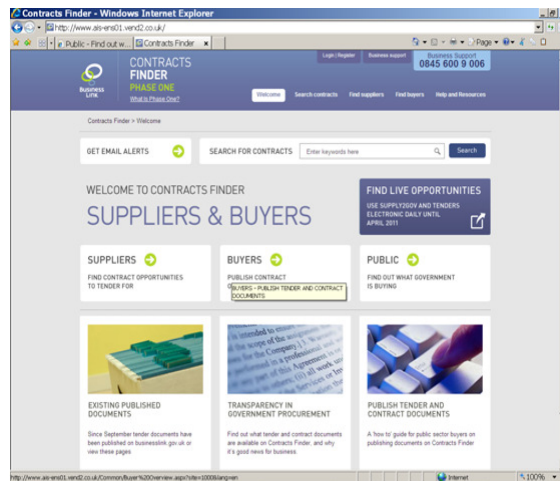
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Contracts Finder

Free service for businesses, government buyers and the public

- Transparency and visibility of central government procurement activities (tenders & contracts) to the **public**
- The facility for **buyers** in central government departments and their arms length bodies to publish tender documents and contracts
- The facility for prospective **suppliers** to search for opportunities to business with the public sector



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The Contracts Finder system:

- will provide **key procurement notices and documents** to the supplier community – e.g. smaller businesses
- is **open** – information and most features can be accessed without login
- is **modern** – improved user experience with features familiar to users of e-bay/Amazon
- has **automated feeds** – limits need for manual entry by buyers
- **spans the procurement lifecycle** – makes available notices relevant to each key stage

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Transparency in procurement & contracting: Compliance

Organisation (core dept only)	% published as a proportion of tenders run & contracts awarded	Overall % published and in the pipeline for publication
HMT	95%	100%
Home Office	100%	100%
DfE	96%	100%
Treasury Solicitors	80%	80%
MoJ	92%	100%
Cabinet Office	91%	100%
DH	67%	89%
DWP	64%	100%
HMRC	88%	100%
MoD	72%	100%
DFID	56%	75%
DCMS	77%	105%
DfT	52%	100%
BIS	100%	100%
DEFRA	48%	77%
CLG	100%	100%
DECC	43%	100%
FCO	20%	80%
Crown Prosecution Service	38%	100%
GEO	n/a	n/a
Northern Ireland Office	n/a	n/a
Scotland Office	n/a	n/a
Wales Office	n/a	n/a
Attorney Generals Office	n/a	n/a

- Transparency Progress Report published monthly
- Poor compliance challenged by ERG
- Number of tenders and contracts growing steadily
- Low value opportunities starting to increase



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Supplier View

A. Search "Conservation"
B. 19 results, looks a bit big for me!
C. Refine Search "items more suitable for smaller suppliers"
D. Click for more details
E. Contact Buyer and arrange site visit

The screenshot shows the Contracts Finder interface. At the top, there's a search bar with 'Conservation' entered. Below it, a list of search results is shown. One result is expanded to show details: 'Conservation of the Royal Artillery Memorial'. The details include a reference number (330/799/9822), a deadline date (07/09/2011), a value (£50,000 - £85,000), and the main site of work (London). A 'Who to contact' section lists Ann Towers as the contact person at English Heritage.

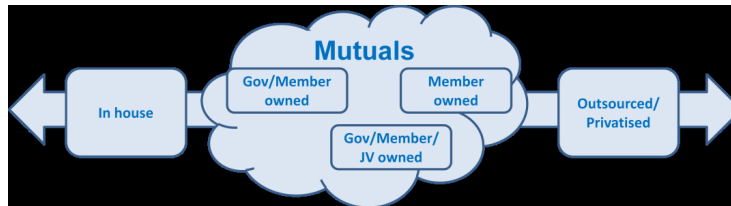
Making Contracts Finder data available

- All documents published on Contracts Finder can be opened and down loaded
- Summary information is available for re-use for social or commercial purposes
- The data can be downloaded as a simple list of all documents suitable for the general user or as an xml feed for advanced users
- @ukgovcontracts - a Twitter feed for IT contracts was winner of "Best use of data/Best commercial sauce" award the first LinkedGov hack camp
- Contracts Finder was also given a good rating for having a license agreement and for being in XML.
- The new data.gov.uk site has a page show casing Contracts Finder data
- Further information will be made available in the early Autumn

The image shows three screenshots related to data availability. The top one is a spreadsheet with columns for contract details like 'Contract Title', 'Value', and 'Status'. The middle one is a Twitter feed for @ukgovcontracts, showing tweets about contract opportunities. The bottom one is a screenshot of the data.gov.uk website, specifically the 'UK Gov IT Contracts' page, which provides information on how to access the data.

New Models - Mutuals

- New models of ownership have substantial potential to reform the way public services are delivered, opening up service provision and driving greater efficiency



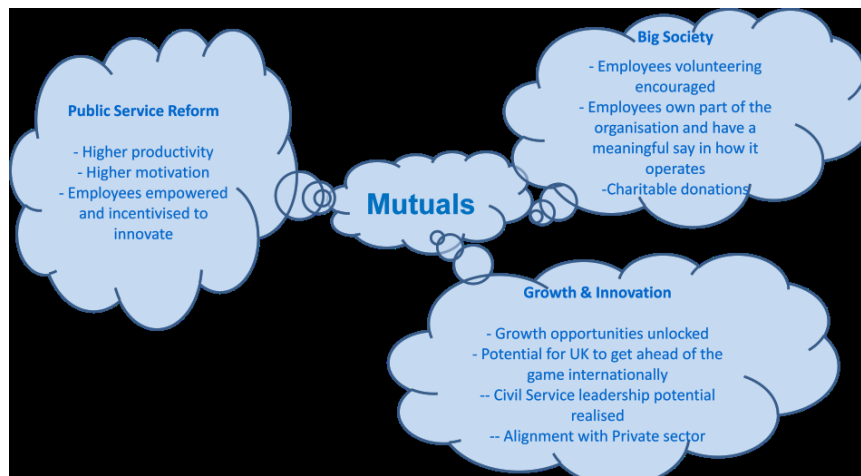
- Create additional capacity in the market which should further stimulate cost reduction and innovation

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Mutual have potential to support wide range of HMG priorities



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Procurement Process – potential for capturing innovation

- Scope for innovation moves from high to low during the procurement cycle
- All public procurement must comply with EU Treaty principles and procurements over a certain financial threshold must follow the rules set out the Procurement Directive (Directive 2004/18/EC), implemented in the UK by the Public Contracts Regulations 2006
- Greatest potential for innovation from suppliers arises from the earliest stages:
 - when policy is being formulated
 - when programmes and projects are being shaped
 - in the formulation of procurement strategy

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Conclusion

Government's reform agenda can help to stimulate innovation in the deliver of public goods and services:

- **Capability** – strengthening expertise leading to better procurement
- **More efficient processes** – reduce burdens encouraging wider range of potential suppliers to bid and encourages early market engagement
- **Better access for firms** - Innovation Launch Pad, product surgeries, Government E-Marketplace all provides opportunity for SMEs to put forward innovative proposals
- **Transparency** - Contracts Finder makes contracting opportunities more accessible to potential suppliers who may have innovative solutions to offer
- **New Models** – create additional capacity in the market which should further stimulate innovation

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