

Public Procurement

The IET's response to the Government's Green Paper on Transforming Public Procurement.

The Institution of Engineering and Technology (IET) is Europe's largest professional engineering and technology organisation with 168,000 members drawn from industry, academia and the public sector. The members represent a wide range of expertise, from technical experts to business leaders, encompassing a wealth of professional experience and knowledge. Our primary aims are:

- to provide a global knowledge network, promoting the exchange of ideas between business, academia, governments and professional bodies, and enhancing the positive role of science, engineering and technology
- to address challenges that face society in the future.

We would be happy to discuss our response in more detail and provide examples and evidence from our extensive networks of engineering employers and academic partners. Please feel free to contact us to arrange this by emailing sep@theiet.org.

Recommendations:

- The procurement process should be focused on outcomes and whole life-cycle benefits, rather than specifying a slightly better version of the last solution
- Government procurement processes should be slimmed down and simplified for smaller companies to allow them the ability to bid. This will allow a larger range of companies to bid for public contracts, increasing innovative competition
- There should be a review of previous procurement processes leading to the refreshing of the current procurement roadmap
- Procurers should be supported by a structured and continuous training programme to ensure standards are met and processes are efficient.
- Increased use of external evaluation pools, which should be refreshed on a regular basis, to ensure expertise is kept at the highest level.

The IET's Innovation and Emerging Technologies policy panel would be happy to discuss these in more detail and provide guidance and potential solutions.

Answers to questions:

Q8. Are there areas where our proposed reforms could go further to foster more effective innovation in procurement?

There is a need to tackle the risks around certainty of delivery which can prevent innovators from taking risks. It can be difficult to be innovative and take risks as the Government is often risk adverse, fearing repercussions from commentators of failed innovation projects at a large cost to the taxpayer. This conflicts with the clear need to find game-changing innovative solutions to some of the problems facing the country. The Government must consider the value of worth in risks – what risk is good, and what is bad? These are not simple questions to consider.

Previous practices of Governments have succeeded in procuring innovative solutions– for example, there have been ‘demonstration days’, which worked well as the contractor had to prove to the procurer that their system worked. This particularly rewards innovation in smaller companies too, as it reduces the number of hours needed to write extensive bids.

The requirement in a bidding process can close down innovative approaches. A procurement process should be focused on outcomes and whole life-cycle benefits, rather than specifying a slightly better version of the last solution.

Q9. Are there specific issues you have faced when interacting with contracting authorities that have not been raised here and which inhibit the potential for innovative solutions or ideas?

The Government should actively source more tenders from SMEs or start-up companies, which are often working on the brink of cutting-edge innovation. One acknowledged limitation of this approach is the lack of proven track record in delivery. It has been proven that this issue can be resolved by ‘teaming’ innovative SMEs with bigger companies to spread the risk burden and ensure supply can match demand.

Another limitation which reduces the appetite to engage in Government procurement process is the administrative overhead for the process. Start-ups may not have enough staff to write a large bid, so innovative potential gets lost at this stage. To address this, Government procurement processes should be slimmed down and simplified for smaller companies to allow them the ability to bid. This will allow a larger range of companies to bid for procurement, increasing innovative competition.

Q10. How can government more effectively utilise and share data (where appropriate) to foster more effective innovation in procurement?

Access to data is becoming an ever more important part of developing innovative solutions. It is therefore clear that early sight of relevant Government data will enable

the generation of new business solutions. To ensure that this happens there should be a review of previous procurement processes and a look at the current procurement roadmap. This should be examined to look at what works, what does not work, and how solutions are found. Once made public, innovators will be able to help create a more innovative roadmap to innovation in procurement.

Q11. What further measures relating to pre-procurement processes should the Government consider to enable public procurement to be used as a tool to drive innovation in the UK?

The quality of public procurement is driven by the quality of the procurers. These are often not specialists in the areas they are procuring, which can cause friction between themselves and the contractors. This also disadvantages bids based on novel and innovative technologies where experience levels in procurement teams will be even lower. It is therefore vital that:

- 1) Procurers should be supported by a structured and continuous training programme.
- 2) Increased use should be made of external evaluation pools which should be refreshed on a regular basis to ensure expertise is kept at the highest level.

Procurers should also learn from successes. For example, The Ventilator Challenge allowed good innovative practice because it gave guidelines as to what was needed to solve a problem and companies could then create innovative solutions.

Procurers should also be remunerated according to their industry experience to ensure the inflow of high calibre candidates

There is also a need to enrich the pre-procurement process as wide as possible to allow more companies to come up with solutions. Too often the ability to understand the language and process of Government procurement is more important to success than the quality of the of the solution being proposed. This is particularly true for SMEs.

Q13. Do you agree that the award of a contract should be based on the “most advantageous tender” rather than “most economically advantageous tender”?

There needs to be a definition or understanding of what “most advantageous” means – be it in an economical, long-term, strategic or innovative way. This term needs more definition before it can be assessed as a better way to award procurement.

However, it is not always advantageous to pursue the most economically advantageous tender – it is imperative to spend public money to create new industries that will repay money back to the UK economy. There could be a minimum threshold of requirement in a tender and then the most economical of these are chosen. It would be difficult to necessarily measure other factors, such as social impacts.