

UK Government – Procurement Issues and Challenges

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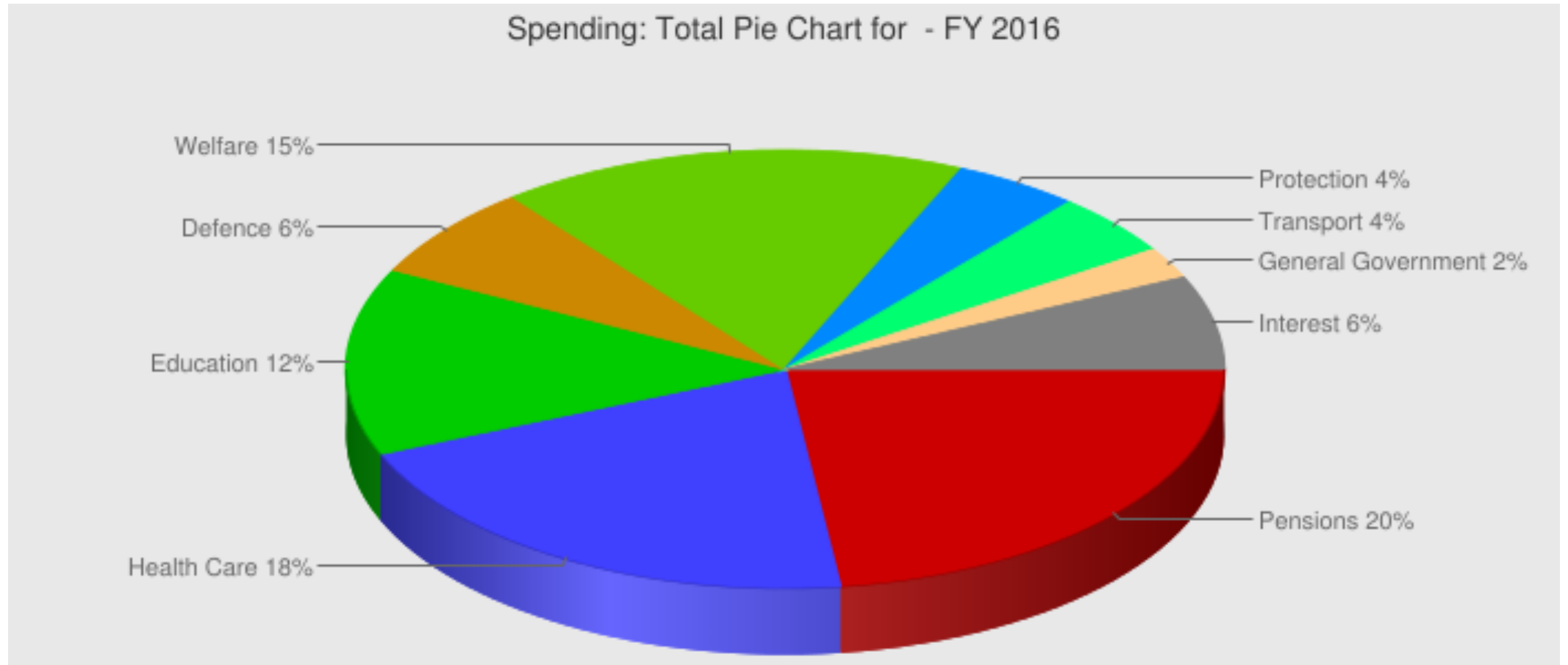
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Peter Smith - CV



- Born in Sunderland, Maths & Management Sciences degree from Cambridge
- Early career at Mars Confectionery, Procurement Director for the D&B Corp Europe, the DSS (largest civil department in UK government) and NatWest Group
- Fellow and ex-President of CIPS
- Consulting for 10 years, private and (mainly) public sector, appointed 'special adviser' to the National Audit Office
- Advise / train on buy and sell sides
- First book published "Buying Professional Services" (Czerniawska and Smith, Economist Books, 2010)
- Non-executive experience in public and private sectors

UK Government - £748 Billion in 2015



Key Public Procurement Trends

- Cost reduction, cost reduction, cost reduction – the “age of austerity”
- Role of the “centre”? What is the right procurement “landscape”?
- Central government (Crown Commercial Service) acting in a more coordinated manner in centre – more uncertain re wider public sector
- CCS still trying to establish a workable operating model to deliver centralised procurement
- Tension between centralising instincts and localisation agenda
- Fewer targets, freeing up schools and hospitals; then complaining when they pay too much, don’t collaborate etc!

Key Public Procurement Trends

- Greater use of technology; portals, eSourcing, Auctions
- New EU Directives aim for more procurement flexibility, danger of delivering more parochial thinking and corruption
- Skills; still low in Category Management, contract management, analytics, technology
- Apparent support for small firms; but key trends pushing buyers in the opposite direction towards aggregation, larger Primes, outsourcing
- Political drive to encourage “local” (national) businesses – which does not sit well with the EU openness agenda
- Also aim to increase employment opportunities, including apprenticeships

Procurement Metrics

- The political imperatives have been mainly around savings - “£6.1B in 2014/15”
- Spend with smaller firms has been another publicly targeted metric (25% → 33%)
- Also some focus on number of contracts advertised on Contracts Finder website, prompt payment metrics, average time taken to execute tendering process
- Expediency has taken precedent over accuracy or relevance in some cases
- E.g. central government savings still counted against 2009/10 baseline; NAO prompt payment report found “cheating”; SME figures include “spend in the supply chain”
- No consistency around measuring procurement performance or value – little adoption of best practice ideas such as stakeholder satisfaction, value-added measures, “scientific” savings methodologies...

Big Strategic Questions

- How can the private sector contribute towards delivery of policy goals in an environment of “austerity”?
- Greater demands in areas such as healthcare but tax funding limited – how do we get innovation AND effectiveness from the market?
- What skills are needed in the public sector, how do we find / develop and retain them?
- How do we use data / metrics e.g. to identify opportunities, to measure supplier performance, procurement performance, etc.?
- Balancing the VFM and anti-corruption aims of procurement with the wider social policy goals towards which government buying can contribute
- Protectionism versus openness?

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