



Supplier Roundtable – summary note

28 June 2012

The Minister for the Cabinet Office & Paymaster General hosted a roundtable on 28 June with a group of Government's strategic suppliers and industry representatives. This meeting effectively relaunched the approach to supplier management introduced in 2010, when the programme of central contract renegotiations delivered £800 million of savings during the first 10 months of the Coalition Government. As Government rolls out an ambitious reform agenda, the opportunities for suppliers (large and small) are substantial.

The Minister opened the session by stressing the ongoing importance of the 'single customer' approach introduced in 2010. Government wants strategic suppliers to embrace the spirit of this model and work to build mutually beneficial long term relationships. Government will expect any remaining poor commercial practices to be resolved swiftly and will be introducing a new performance management framework that ensures current performance in any part of central government is considered fully at key stages in any procurement processes. Government is keen to also become a better customer and significant work is underway to cut the cost and complexity of procurement processes, and strengthen commercial skills within the civil service.

In addition, and as part of Open Public Services, the Government wants to open its doors to the best, most innovative and most competitively priced reform ideas. As part of a summer programme of engagement with strategic suppliers, the Government will be seeking a shortlist of ideas from each strategic supplier to review actively.

Bill Crothers, the Government's new Chief Procurement Officer, stressed that Government will remain a demanding client and asked that suppliers embrace the spirit of the 'single customer' approach and engage actively through the Crown Representatives, treating Government with respect. Disappointing commercial practices remain evident in some cases with too much price variance across departments, agencies and arms-length bodies for similar services. Bill Crothers also noted the importance of wider Government initiatives including prompt payment throughout the supply chain and including consideration of supply chain finance as a tool. He also explained the importance of supporting civil society (including by contracting with Voluntary Community and Social Enterprise bodies) and driving forward the SME agenda.

During the subsequent discussion the following points were made:

- The Crown Representative approach was welcomed by all.
- There is some welcome evidence that government procurement practices are improving, though frustrations remain.
- Where procurement practices remain disappointing, it would be helpful if suppliers could let the Cabinet Office know either via their Crown Representative or through the Mystery Shopper route.
- The group discussed the overall ambition, noting that £800 million was an impressive start, but that much more ambitious reforms would be needed in coming years.
- There were examples of how Whitehall is changing its culture with good case studies including the recent tender for civil service learning. But there is a lot more to do to embed

and spread best practice and move away from an overly risk adverse attitude. There was a sense that substantial progress could be made here.

- There was strong support for the SME agenda and participants noted that it would be a shame if this agenda was seen as anti-large-business.
- It was suggested that case studies of “good” procurements are captured and published online.
- There was a request for more information to be published on the Crown Representative structure and Crown Commercial Leads across Central Government.

Opening the second half of the roundtable, Katharine Davidson, the Executive Director for Strategy & Management Information, provided an update on the Efficiency & Reform Group’s priorities to promote growth, increase efficiency and reform public services. Having saved almost £4 billion in the first year of this Government, reform was underway to lock in these savings and go substantially further. Ambitions were high and increasingly more fundamental reforms would be needed. Therefore the Cabinet Office had put in place new capabilities (e.g. to tackle Fraud, Error and Debt). These new capabilities provided an opportunity for Government to review reform ideas in more detail, one of the key areas being commercial models.

Ed Welsh, Executive Director for Commercial Models, explained the approach his team would be taking to help open up public services. Government is keen to challenge the status quo and will be reviewing each case on its merits. There will be a particular interest, where possible, in increasing employee engagement (including by adopting mutual principles). My Civil Service Pension (MyCSP) was an early success. A small group of Crown Commercial Leads (typically with Board level experience in the private sector) has joined the Cabinet Office to help support this agenda.

During the subsequent discussion the following points were made:

- There was interest in the Commercial Models agenda and opportunities to explore new approaches for public service delivery.
- Departments should be encouraged to take greater steps towards reform, as outlined in the recently published Civil Service Reform Plan. Could Government do more to incentivise change?
- There was support for an ‘ideas forum’ and a request for transparency in expanding the pipeline of new business over time to include these opportunities.
- Attendees were invited to think of three ideas using criteria of viability and potential value delivered to be shared during the summer programme of engagement.

The meeting ended with a brief summary by the Minister for the Cabinet Office thanking all for their constructive contributions and looking forward to further discussions.