

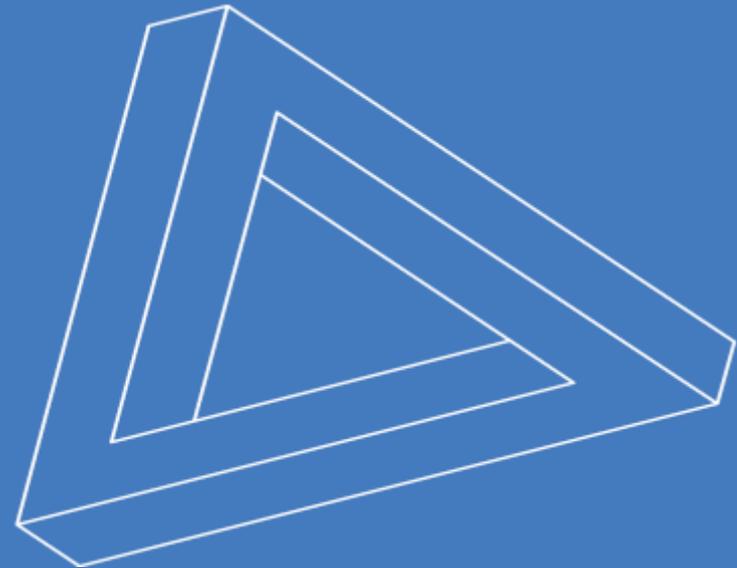


Government
Commercial
Function

Government Commercial Function – Innovation in Procurement

Innovation 2019

Gareth Rhys Williams
Government Chief Commercial Officer
28 February 2019





Central Government spends £49bn pa Past issues have led to the introduction of Gov't wide functions





Vision

“The Government Commercial Function will be the best commercial function in the UK”

Mission

“The Government Commercial Function exists to enable Government Departments (and the wider public sector) to deliver their aims at best value for the taxpayer.”



Government Commercial Function Departmental Commercial Directors



**Andrew
Forzani**
MOD



Steve Oldfield
DHSC



Barry Hooper
MOJ



John Hatton
DWP



David Taylor
Home Office



**Rob
Woodstock**
HMRC



**Tracey
Williamson**
FSC



Nick Elliot
DE&S (MOD)



Melinda Johnson
DHSC



Paul Rodgers
DfT (Acting)



**Einav Ben
Yahuda**
DEFRA



Paul Kellett
DIT



**Emma Ferguson
Gould**



Claire Benham
DFE



**Jacqueline
Rock**
DIO (MOD)



Jin Sahota
DHSC



Nick Ford
DFID



Simon Tse
CCS



Marc Bryant
DCMS



Tim Rogers
CO & HMT



Andy Hobart
MHCLG

Government Commercial Function Central Commercial Teams



Gareth Rhys Williams,
Government Chief
Commercial Officer



Chris Hall,
Deputy Chief
Commercial Officer

The Government Chief Commercial Officer shapes and leads the programme of commercial reform across Government.



**Commercial Continuous Improvement
Director: Mark Roberts**

Responsible for improving commercial across HMG. The work to raise standards and support best practice benchmarking to deliver better VFM, efficiency and consistency.

Mark.Roberts@cabinetoffice.gov.uk 07801 405853



**Complex Transactions
Director: Victoria Filkin**

Responsible for providing specialist support on the most challenging commercial objectives by offering advisory services, oversight and embedded support.

Victoria.filkin@cabinetoffice.gov.uk 07825 386 501



**Markets and Suppliers
Director: Coleen Andrews**

Responsible for providing robust analysis on suppliers, the sector and key markets, and management of strategic suppliers through Crown Reps and the Strategic Partnering Programme.

Coleen.Andrews@cabinetoffice.gov.uk 07880 711 805



**Policy
Director: Sam Rowbury**

Responsible for providing advice on procurement policy. This includes small business, domestic and EU/International policy.

Sam.rowbury@cabinetoffice.gov.uk 07795 646020



**Commercial Capability
Director: Marco Salzedo**

Responsible for improving commercial and contract management capability by recruiting, assessing, and developing high calibre commercial staff.

Marco.salzedo@cabinetoffice.gov.uk 07866 433968

Post - Carillion Outsourcing Study

An opportunity to further improve how we work together

- Carillion; brought down by cash flow from construction, not outsourcing contracts. But...
- Joint teams; Civil servants and secondees from the outsourcing industry
- Design work finished at Christmas, implementation beginning
- Aim is to improve contract letting and delivery, while making us more resilient, should disaster strike twice
- **Right from the start**; Make vs Buy, Pilots, Better data, Early involvement
- **Resilience**; Reduced barriers to entry, Consistent financial tests
- **Resolution**; Living wills, Company structures, Contingency planning
- **Reform**; Transparency on KPIs, More emphasis on Social Value, Prompt payment

Post - Carillion Outsourcing Study

Key new policies

Policy	Description	Owner
Should cost modelling	A calculation of the total estimated cost of delivering an outsourced service is essential to calibrate bids / eliminate unrealistically low bids	HMG
Make versus Buy assessment	Made on the basis of optimal service delivery and value for money, before procurement begins.	HMG
Project Validation Reviews (PVR)	A short independent peer assessment ahead of the transition from policy to delivery (Major Outsourcing Projects only) to ensure value will be generated.	HMG
Requirement for Pilots	When outsourcing a service for the first time there is now a presumption that a pilot should be run before.	HMG
Risk Allocation	Working to mitigate risk and then ensure it sits with the party best able to manage them is central to the Government's approach to delivering value for money and partnering with the private sector.	HMG & Supplier
Publication of Commercial Pipelines	To enable suppliers to understand the likely future demand across government and enable wider participation and greater diversity in our supply chains.	HMG
Resolution Planning	For "critical" contracts the successful bidder should provide us with resolution planning information, in a "living will".	Supplier
Pricing and payment mechanisms	Using the Model Services Contract to ensure consistency clarity from the outset, using data that can be relied on by vendors and contracting authority.	HMG
Key Performance Indicators	It is important that KPIs are relevant and proportionate to the size and complexity of the contract. Getting this wrong can create confusion and tension. We will publish the top 3 KPI's, focusing our effort and demonstrating value for money for citizens.	HMG
Market management and engagement	We will adopt models that promote competition and contestability over time, so that those that win the first contracts know that they must deliver value for money or risk government taking its business elsewhere in future.	HMG
Financial assessment and monitoring of suppliers	We will proactively monitor the financial standing of our critical suppliers on an ongoing basis and introduce standard financial tests for use by procurement teams. For "critical" contracts, vendors will have to confirm ongoing compliance.	HMG

We want vibrant, competitive markets Diverse vendors, including SME's and VCSE's

- Prompt payment code is being tightened up
 - Based on recently introduced BEIS payments database
 - Intention is to exclude poor payers from new Government tenders
 - Consultation process has now concluded
- Aspirational SME target remains 33% spend (direct and supply chain)
 - Some departments progressing well, some not so much
- Focus moving to action rather than just measurement
- Requirement for any subcon work in 'large' contracts (>£5m / yr) to be published on Contracts Finder
- New requirement to take account of social value in procurement, as part of quality assessment
 - Training package being developed

- Recognise that Procurement Regs are not a pivotal aspect of negotiations
- Not addressable for some time after Brexit / the end of the Implementation Period
- We are of course preparing a 'UK TED' to cover the 'No Deal' scenario
- We are working to continue our membership of GPA to ensure ongoing guaranteed access for UK companies to overseas public procurement markets
 - EU rules will still apply for UK companies seeking to sell to EU governments
- Issues to address if and when the opportunity presents itself:
 - Scope for reform will depend on the future relationship with the EU
 - Simplicity – 3 procedures not 6?
 - More ability to negotiate post tender?
 - Speed with fairness – amendments to remedies regime?