



Inserting the missing piece

A framework for developing stronger partnerships
between private enterprise and the civil service

Time and effort have been spent perfecting Britain's central procurement function. Civil servants have honed the processes of writing specs and inviting bids, judging competing offers and awarding contracts. It is only after the contract has been signed that problems can start cropping up.

Why? Because there is a fundamental disconnect between the teams that run the procurement process and the commercial capability necessary in managing delivery once awarded. When the contract has been approved, procurement often stops, leaving technically specialist civil servants to see the project through to completion, managing highly commercial businesses.

But, by this point, the balance of power has shifted. Throughout the procurement phase, prospective suppliers are more willing to compromise and see things from the government's point of view, aware that this is their best chance of success. However, once the tender has been awarded, the project's day to day management passes to departmental specialists. Whether they are working in healthcare, justice or defence, these specialists are experts in their own field – but not in commercial confrontation or contract law. Nor is it likely that they will be as familiar with the tender as the procurement team would have been or the supplier still is.

Often running to hundreds of pages, tenders are complex documents that establish and define the limits of an ongoing relationship between the team providing a service, and the team to which they are answerable. Yet, as part of the procurement, the supplier will have had a legal team review the contract, the finance team the financial model, and the technical team, the scope – in minute detail, as it can be a significant financial risk if they fail. It is almost certain, then, that they will have a better understanding of what those pages contain and how they can be used to best advantage.

The shifting balance of power

The civil service team that assumes delivery responsibility of a project once the procurement

phase has concluded will often lack the commercial tools it requires to hold their suppliers to account, maximise efficiency and keep budgets on track.

This is a recognised issue, and one that is being addressed. Both the Government Commercial Function (GCF) in its developing commercial awareness training and assessment, and the Cabinet Office, through its recently announced civil service 'consulting hub' are working to develop the required skills within each team – but the process is time-consuming. There are an awful lot of people to train, and they are not all commercial specialists.

Public and private sector practices

More than 30,000 personnel manage live commercial programmes within the civil service. Their function is to oversee delivery of the necessary service to the public; it isn't to drive profit, and they are not trained to deal with commercial conflict. This can put them on the back foot when dealing with bone fide 'commercial' organisations. They are unlikely to have seen the contract that won the job for that organisation. And, unless things start to go wrong, they may never want to investigate its intricacies, or the tools and obligations in it.

The private sector supplier, meanwhile, is incentivised to maximise its profits, and its directors have an obligation to their staff and shareholders to pursue this goal wherever possible. Sometimes, although not always, this can result in projects running behind schedule or over budget. Either way, the result, frequently, is increased revenue for the supplier and poorer value for money for the tax payer.

Rethinking civil service thinking

In some cases, the civil service teams who are handed a live project unwittingly make things harder for themselves. Whether through lack of training or support, or because they are no match for the national or international consultancies that are frequently appointed through tender, they put too much trust into



Every year,
the UK government
awards contracts worth
£250bn

their opposite number, with many giving too much leeway to the supplier itself.

A degree of give and take will always be necessary in any commercial partnership but, should it allow the supplier to gain the upper hand, the civil service risks failing in its obligation to ensure the best outcome at a given price on behalf of the tax-paying public. While there are several obvious ways in which this could happen – such as a customer consistently not meeting their own obligations or overlooking the supplier's missed deadlines – it becomes a more serious matter if the department puts itself in the supplier's debt.

The fact that contracts are two-way agreements, which confer obligations on both parties, is a point frequently missed by buying authorities outside of government procurement teams. They must provide the supplier with the best chance to deliver their obligations, which will require significant contribution by the departmental team. If unaware, this has the potential to undo much of the good work that those procurement specialist teams did at the outset.

■ Here today... gone tomorrow

This situation is further complicated by frequent organisational changes on the government side.

In Britain, elections are held at least every five-years, potentially leading to a significant change of direction if the opposition gains power and a consequent change of ministerial lead occurs, including the amalgamation or disaggregation of departments, or creation of new ones.

Similarly, many civil service posts are assigned for two-years at a time, with an expectation that someone holding a particular position will look to move, either within their department or to another part of the service when their posting comes to an end. Should they leave the department, or simply move internally but relinquish any involvement in an ongoing project, a lot of knowledge and operational history is lost with them.

This further strengthens the supplier's hand as incomers on the civil service side not only won't know what was agreed at procurement: they may not receive a comprehensive handover, or time to transition, to fully understand the

contract or what has happened and been agreed in the interim.

Informal agreements between the supplier and civil service lead, who has now left, might not be documented anywhere but the email inbox of the departed civil servant. How is their replacement to know whether or not what they are told by the contractor is true?

Where contracts are short, such as those for the emergency provision of protective equipment or vaccines during a pandemic, they can move from tender to delivery in a matter of days or weeks. Others can last a decade or more.

Notable examples include modernising railway infrastructure or providing a computer system for the NHS. Others still are ongoing, with no defined end date. We therefore have a situation where staff working for the customer – the government and civil service – may change many times during the life of a single project.

Once again, this puts the customer at a disadvantage, since the supplier's own team is likely to outlast them and, over time, will become the project's recognised authority. This is an unfortunate situation that further tips the balance of power in the supplier's favour.

Augmentas Group assists government

Augmentas Group has been involved in procuring a complex global service manager for a large British government department. Upon award, it was decided that the department was ill-equipped to mobilise and manage the top-10 consultancy that had been awarded the contract due to inconsistencies across the department's own team and changes of key people leading to the loss of corporate knowledge.

Augmentas Group stepped in to provide contract management support to follow on from the procurement and undertake contract mobilisation, supplier management, and upskilling of the department's management team to ensure that they understood their responsibilities.

This service has since been replicated several times across the department, with Augmentas Group providing both procurement specialists and contract management specialists as required. By drawing these two specialists from a single provider – Augmentas Group – the department benefits from shared experience and continuity in a manner not possible within the existing civil service framework.

Typical examples of success in this field include savings in excess of £100,000 through identifying erroneous costings in just one contract. These were highlighted by Augmentas Group's commercial contract team despite best efforts elsewhere, providing the customer with an immediate and tangible return on investment in adopting this model.



Civil service

- Public-minded
- Staff gain broad experience through short placements
- Personnel may spend a short time on the project before moving on
- Focused on delivering value for money for taxpayers
- Project managers are frequently not senior

Private enterprise

- Shareholder-minded
- Staff gain deep experience through longer involvement on contracts
- Personnel may remain with a project from bid to completion
- Focused on generating profit for owners and shareholders
- Managers are senior, with support from legal teams

Supporting ongoing improvements

The civil service has long recognised that changes are required and is making significant investment in training civil servants to better manage ongoing projects.

However, the process is fragmented and, as in any large body, it will take time for the benefits to be felt across all departments. At the current rate, it is expected to take a decade to roll out the necessary training alone – never mind any supplementary support – and by then, contracts to the value of £2.5 trillion will have been signed. How much money may have been lost in the interim?

There is a solution. If commercial specialists can't be recruited, appoint smaller consultancies to support government function and manage Tier 1 suppliers in contract delivery. Working alongside the technically specialist civil servants tasked with managing ongoing projects means those civil servants can learn through doing. Their experience will be broadened and any theoretical training they receive will become richer through context. At the same time, the partnership will allow government to drive every pound of value from large scale service providers throughout the commercial lifecycle, from concept, through procurement, to contract management and eventual exit.

Perhaps more importantly, by remaining engaged with the contract from concept to project completion, the consultancy – not the

supplier – will assume the role of trusted authority, having intimate knowledge not only of what was agreed at the outset, but of any variations subsequently discussed and activities that have been conducted by either party.

If this sounds unbalanced – consultancies to manage consultancies – it isn't. While the supplier must be publicly minded and share the civil service team's obligation to ensure the tax payer's money is spent wisely to maximise value and return, it will also bring clarity to the situation. This can be equally beneficial for the supplier.

Many large, private sector organisations, of the type that frequently have greatest success when bidding for multi-million-pound government contracts, have shareholders to satisfy and executive salaries to pay. It can be difficult for them to understand their broader civic responsibilities and their duty to the public to deliver on a contract in a timely manner while keeping an eye on value for money.

As an independent intermediary, a supplier like Augmentas Group, with its many years of experience advising on procurement, tendering and project management across government and the private sector, will be a constant point of contact and coordination. In that position, it can marry the diverse imperatives of a commercial operation and a public-focused government body. But they must always offer significant Return on Investment – they must save more than they cost. And they do, much more.



About Augmentas Group

At the heart of our capability is the provision of procurement services to the Public Sector. We provide procurement expertise to many central government departments, including the Houses of Parliament; Foreign, Commonwealth and Development Office; Department of Health; DEFRA; Department for Education; BEIS; TfL; Office for National Statistics; Home Office, and Ministry of Justice.