

‘Just Another Paperclip?’

The Annual Lecture of the Business Services Association

15 May 2017

1. ‘Just Another Paperclip’

As most of you are aware, this lecture is the final part of a year-long project, which began with the 2106 BSA lecture, which I delivered in June last year. I used that opportunity to make some pointed remarks about the state of the public service market, and the overwhelming response, on the day and in the weeks that followed, was ‘Thank goodness someone is talking about this’.

It resulted in the BSA commissioning me to undertake a quick study of the public service economy in the UK over the past five or six years. I returned to London in October and over the next four weeks, interviewed 78 individuals from industry, government and unions.

In the interests of time, we agreed to focus on central government and the for-profit sector, and I was able to interview the chief executives and regional managers of 12 large public service companies, and two former chief executives.

We selected three companies where I was able to drill down further, interviewing finance directors, risk managers, bid directors and contract managers. Participants were frank about their companies’ failings and concerned about the future of the industry.

Understandably, it was more difficult to find civil servants who were prepared to speak about government’s failings, but it was also difficult to find any with a long memory of the industry. Churn was one of the problems that had been raised by private sector participants, and it was impossible to find more than a handful of senior civil servants who had been involved in procurement and contract management for more than a couple of years.

Nevertheless, I was able to interview several senior commercial folk in central government – although one of these meetings, arranged through a personal contact with someone I had known when I lived here, was conducted on the basis that I never revealed their identity.

Of course, I familiarised myself with recent policy pronouncements (which continued to change while I was writing the report). But I also went back over 25 years of old policy statements, reports by the NAO and other major government inquiries, and contemporaneous notes that I had made over 17 years following high-level meetings in No.10, Treasury and the Cabinet Office.

That was a sobering experience. Of course, I was aware that many of the same issues had surfaced repeatedly over the years, but what struck me as the result of a concentrated reading of these historical documents was the similarity of the language used over time to describe these issues.

I knew that low-price bidding had long been an issue in the industry – indeed, as a result of my historical research, I knew that this had been a concern going back to the mid-18th century when the British government first introduced what was then called ‘open competition’.

What I had not expected was to discover that it was the industry that had repeatedly raised this issue with government – pleading with them not to conduct low-price procurements, because (as I read the documents) they understood that it would sometimes be extremely difficult for them to stay out of a ‘race to the bottom’.

It is not my intention here today to work through the detailed findings of my report, which was published at the beginning of last month. Most of you will have read ‘Just Another Paperclip’, and those who have not, can easily do so.

But I do want to say a few words about the kind of report that I have written, and why it was written that way. Based on some early discussions with procurement and contract officials in Australia, Canada and here in the UK, I propose to say something about how it is likely to be perceived inside government.

And I propose to repeat the advice which I offered last year – that while the political and commercial sustainability of government’s supply chain is, first and foremost, government’s responsibility, you - the industry - cannot wait for them to take the initiative.

For a variety of reasons – short time-horizons, high discount rates, a preoccupation with process-based solutions and a lack of imagination – most politicians and public servants are seemingly incapable of seeing the public service economy from a strategic perspective.

Leadership must come from industry, and it will need to come from you *as an industry*, working together (where that is appropriate) to reframe the way in which public service contracting is perceived in the wider community – to develop a deeper understanding of how public service markets, procurement and contract management work – and communicating those insights to government in a way that is likely to make a difference.

2. What Must Government Do?

So my report is addressed to government. I document some of the many mistakes that ministers and civil servants have made over the past seven or eight years, and I offer my thoughts as to what government must do to place the public service market on a sustainable footing.

It is not that I think the industry is blameless – there have been some appalling commercial misjudgements, and a number of companies (and their senior executives) have paid a significant price for those mistakes. But this is *government’s* supply chain.

If Vauxhall’s people carriers start bursting into flames, that is Vauxhall’s problem – it’s not helpful to suggest that the problem might lie with unauthorised repairs or to

try to shift the responsibility to the suppliers of the heating system. Vauxhall's brand will take the hit and Vauxhall will pay for the recall.

If it is revealed that Nike sources its product from Asian sweat shops that work their employees for 70 hours a week, using child labour, it is no defence to say that the factories are owned by contractors. It's Nike's problem, and it's much more than 'a public relations inconvenience'.

And if Metrolinx, the government agency responsible for metropolitan transport in Ontario, Canada, accepts a bid from Bombardier for a new generation of streetcars that is 30 percent cheaper than the one put forward by Siemens, then the senior management of Metrolinx is responsible when the streetcars are delivered years behind schedule.

I do not accept that public officials can wash their hands of the responsibility for service failure when they accept low-price bids which they know or suspect to be financially unsustainable.

It has been suggested to me that some suppliers may bid low in order to win market share, and that government procurement officers are entitled to exploit corporate self-interest in such circumstances. Indeed, it has been argued that in such circumstances, procurement officers have an obligation to accept the lowest tender.

I understand that companies may well bid low for good commercial reasons, but if the experience of the last five or six years teaches us anything, it is that companies can also be induced to submit a sub-economic bid for a range of other reasons, and that the outcome will often be financial disaster and service failure.

We don't yet know why Bombardier bid such a low price for Toronto's streetcars, but it seems likely that internal management difficulties that have emerged in the course of this project had already begun to develop in this iconic Canadian transport supplier when it submitted its bid. And because management took the view that they could not afford to lose such a large contract being tendered by the province next door.

Procurement officials seem to have taken the view that they simply couldn't refuse to accept such a great deal. Certainly, no one at a senior level in government paused to ask how streetcars could be delivered at such a substantial discount on a respected and experienced international supplier.

The consequence was that Toronto's new streetcars have not been delivered on time. The government has been humiliated. The chief executive of Metrolinx has decided it is time to move on. They have ordered a second set of streetcars from Alstom, just in case, since they will be liable to penalties of up to \$500,000 a day if the vehicles are not ready by the time a new cross-town link is completed.

(I could be using one of several dozen UK examples referred to in my report but decided to use a foreign case study to avoid embarrassing any individual company and creating undue controversy in the current political environment.)

It is vital that we understand that, in this country at least, low-price bidding is a function of policy not capability. In the face of ongoing austerity, a policy has been adopted to keep pursuing low-price bids, to keep pretending that procurement officials can manage the prospect of a winner's curse, to ignore the evidence – discussed at some length in my report - that in certain circumstances, companies can find it extremely difficult to avoid a race to the bottom.

There was no point in producing a report which explained (yet again) how to conduct a technically proficient procurement, if procurement officials continue to believe that they have an obligation to accept the lowest bid, even when they know that it could very well turn out to be commercially unsustainable.

And, frankly, after reading 25 years of reports about what had gone wrong with procurement after procurement - most of which have been ignored - I decided that there was little point in writing yet another document which dealt with issues at that level.

We all know that governments are highly vulnerable to optimism bias when it comes to the approval of major projects. We know that civil servants have great difficulty in 'speaking truth to power' when ministers say that they want a major new initiative delivered in an unrealistic timeframe. And we are aware of the extraordinarily high price that society often pays – in human and financial terms – for major projects that are poorly commissioned.

Of course, there are structural and process solutions that can assist in preventing such catastrophic blunders – black hats, gateway reviews, functional separation of policy and commissioning – but the evidence of recent years is that, at best, they have an ameliorative effect, and, thus far at least, they have had only limited impact on the commissioning of major public services.

We need to understand why, in spite of all of the disasters and all of these reports, government has still not learned the lessons. My report was written with the intention of trying to address the fundamental or 'constitutional' issues that make it difficult for governments to learn the lessons.

If ministers and senior civil servants are not prepared to address the underlying causes; if they are not able to accept that they (and their predecessors) bear significant responsibility for the problems that have emerged; if they are not willing to acknowledge that the obligation for restoring political and commercial sustainability to the market rests with them, then we will see these same mistakes repeated again and again in the future.

3. How Government Sees the Problem

The initial response to my report in government has been at a process rather than at a system level. They understand that the market is not in good health. There is, in some parts of government, a recognition that changes need to be made to the way in procurements were being conducted.

But there is not, in general, an acceptance that government is at least much responsible as the industry. I spoke with one highly experienced procurement official

who feels betrayed that providers are no longer acting according to the spirit of the contract; but sees no problem with government insistence on interpreting these arrangements according to the letter of the contract.

I am strongly of the view that in order to understand how government got into this mess, and what industry might do to assist in turning the market around, we must understand how government sees the public service economy.

Let me offer an example which I included in my report. It has become commonplace in this country to refer to public service *markets*. There is some value in using such a term, since it speaks of open and contestable systems, rather than simply accepting that government must have a monopoly on in-house delivery or conducting a series of unrelated and disconnected procurements.

Now I was one of the first people in this country to recognise the role that the Office of Fair Trading might play in bringing competition economics to bear on the reform of the public service economy. This was influenced in part by a strategy that had been adopted by Australian governments a decade earlier, in which I had played a part, where competition law was used – albeit in a rather limited way in the beginning – to define and regulate public service markets.

I was aware of the dangers involved in such an approach – the risk that competition economists would bring with them simple notions of ‘perfect competition’ taught to them in the first year of their economics degree, and/or somewhat more sophisticated concepts of auction theory that had been applied to petroleum leases and the electro-magnetic spectrum but not to complex public services.

I did not appreciate how powerful the metaphor of a highly-commoditised market was – the market for paperclips, if you like. Whenever we use the word ‘market’, the vast majority of people (especially, but by no means exclusively, economists) think of commodity markets - markets that seemingly spring into existence on their own, and which are regulated lightly according to economic principles of ‘market failure’.

They do not think of markets, and market-like instruments, deliberately designed and actively managed by government as a more efficient way of delivering social outcomes. An obvious example of this is carbon-trading – ‘cap and trade’ arrangements deliberately created by governments to improve the efficiency of what would otherwise be extremely inefficient and burdensome environmental regulations.

Another example is to be found in the work of the Nobel laureate, Alvin Roth, in the development of so-called ‘matching markets’ – algorithms designed to facilitate the operation of kidney exchanges. No money changes hands in these transactions. Roth has drawn on the ‘clearing-house’ functions of commodity markets to help him design more efficient arrangements to match potential donors and recipients.

It is my contention that the markets that have been created by governments here and elsewhere around the world for the delivery of some social services are another example.

I have suggested in my report that in many cases, it might be more useful to speak of corporate supply chains. This is not a perfect analogy either – there is a

continuum from systems that deliver commoditised services ('paperclips'), where government will be only one buyer among many, and where price will be set through anonymous exchange, through to those that deliver complex services and require detailed design and ongoing management much like an industrial supply chain.

I quoted from a rather excellent report on defence procurement, published through RUSI, which argues that it is more useful to think of the MoD as being responsible for *producing* the goods and services associated with the nation's defence, rather than just *buying* them.

Under this approach, the MoD, and the armed forces and agencies within it, are significantly analogous to manufacturing organisations, bringing together all the diverse elements required for usable and sustainable defence capability. Some of those elements they generate within the governmental defence sector while (many) others are sourced from outside.

I would argue that the industry needs to spend time educating government, helping them to understand that they are responsible for the *systems*, and not just the *processes* of public service delivery (and public service markets in particular).

That will be more difficult than you might imagine – because in spite of all the talk about market design and market stewardship over the years, there are few civil servants who operate at that level.

And, for all the talk about innovation, there are few civil servants who understand the way in which new service models emerge and are implemented. For the most part, when they speak of innovation, policymakers mean policy innovation, which is quite different.

I am inclined to the view that there is an inverse relationship between policy and service innovation – the more you get of one, the less you get of the other. Service managers cannot afford to take significant risks on new delivery models when the policy environment keeps changing.

In my experience, policymakers have difficulty in grasping the concept of service innovation and the conditions that are necessary for its existence.

This is evident, to some extent, in the criticisms I have heard of the second generation of chief executives and senior executives of the leading public service companies who have recently been replaced. I have known most of these men and women personally for some years – several of them for more than twenty years – and I am aware of their limitations better than most.

But it galls me to hear them being criticised by senior civil servants who have never borne the responsibility for the day-to-day delivery of a public service, let alone the risks involved in the development and implementation of service innovation. It is a case of Columbus's Egg.

Those of you who are not aware of this famous story should be. It is undoubtedly anecdotal, but it is a very old anecdote, dating back to the 16th century at least.

The story is that Columbus was the guest of honour at a feast celebrating his epic voyage to and from the Americas. He was sitting next to one of the grandees of the court, who suggested out loud that what he had done was not so special – all he had done was to catch the prevailing winds and currents out and back.

In response, Columbus took a raw egg and asked the nobleman to stand it on its end. He replied that it could not be done. Columbus took the egg and gently tapped it so that the shell was shattered, but not the membrane inside. Then he gently stood the egg on the flat surface that he had created. ‘But that is easy’, the nobleman said. ‘It is now’, Columbus replied.

For all of their mistakes – indeed, given the magnitude of what they did and how few of them there were – we owe the first and second generations of entrepreneurs who created this industry a great deal of respect. It’s all so much easier now that they have shown us the way.

We have no hope of educating politicians and civil servants about service innovation, and how it actually works, if we do not honour those who have gone before.

Finally, based on my conversations with some of the senior commercial people in government, it is my view that they do not think of you as an industry. They primarily speak of the problems of individual companies and conversations with individual executives.

I would suggest that that needs to change. It will not be enough for you to meet with them as representatives of your individual companies, or as individuals coming together under the umbrella of an industry association such as the BSA.

You must develop a shared agenda. You must commission joint studies. You must work together, and speak with a united voice, on important issues that you share in common.

4. What Must Industry Do?

Working together

So, first and foremost, you must come together as an industry. There are a wide range of common concerns, and as long as some basic rules are observed, there is absolutely no reason why you should not speak with a common voice on such matters.

If I might suggest, you should not be unduly deferential in your meetings with government. Don’t just write up a list of issues for discussion. Identify matters that are of shared concern. Research them carefully and work through them in advance. Speak to government with firmness and resolve.

Be proud of what you have contributed to this country – as an industry. Tell stories. As human beings, we are coded for narrative. My first job on leaving university was as an investment analyst, and my responsibilities included writing speeches for some of the directors. My first boss gave me an important piece of advice that I have never forgotten – ‘They remember the stories not the stats’.

These should not just be anecdotes collected on site visits, but thoroughly researched and well-evidenced stories. And you must learn to tell each other's stories – that is part of what I mean when I speak of 'acting as an industry'.

Profit

Don't be defensive when you speak about profit. Profit is simply the cost of capital – the price that must be paid to convince shareholders to take their money out of the bank – and compensation for the risks involved in trying to develop better public services.

There are costs involved with research and development, and there are costs involved in getting things right, and in getting things wrong in order to get things right. And if public services are to improve, there must be mechanisms available for financing such costs.

There is no need to be ashamed about making mistakes. In the real world, things don't always go to plan when we are trying to make things better. It is no different in the public sector than it is in the private sector – except that the costs are much more transparent when services are delivered under contract and companies are exposed to financial abatements for their shortfalls.

Politicians, public servants and the general public will understand the concept of a fair profit – if it is explained to them. They will be much less forgiving of super profits. But there are well-established ways of dealing with those – open-book accounting, profit caps and gain-sharing.

One of the ways in which you might educate politicians, policymakers and the public at large about profit is to develop a campaign which insists that government should build the cost of capital and the cost of service innovation – profit, if you will – into the budgetary and accounting framework for publicly-delivered public services.

If front-line public service providers (that is, publicly-owned public service providers) are provided with meaningful performance measures and if, following proper scrutiny, they are provided with sufficient resources to deliver those results, and if they are held accountable for the failure to meet their commitments, then it will be much more obvious that government agencies are also exposed to the risks of innovation and improvement.

The 'executive agencies' framework proposed by the 'Next Steps' review, published in 1988, provides the conceptual framework for such an approach. UK government continues to be deeply influenced by the work of Sir Robin Ibbs and his colleagues in that review, although some of the fundamental principles underlying the agency model have been forgotten.

Awareness of, and accountability for the cost of capital is one of them, and the importance of pricing the risks involved in service delivery and service innovation, are fundamental elements of such a strategy.

In my lecture last year, I argued that:

With the benefit of perfect hindsight, governments tend to assume that the upsides were inevitable and the downsides were caused by a failure on the part of management that should have been anticipated. Government would like greater innovation in public services, but refuses to recognise the necessity of compensation for the risks involved in innovation.

In short, the inevitability of losses (from time to time) and the need for offsetting profits, were simply assumed away. I have since heard a slight modification of that position. Some senior civil servants seem to understand that there must be wins to make up for the losses, but they would like to narrow the range – they would like to find some way of reducing the scale of the downside risk so that they can limit the magnitude of the upside gain.

In practice, I cannot see how that could happen without significantly reducing the scope for innovation. Policymakers desperately want innovation, but they want it to be predictable and respectable. That's just not how ground-breaking innovations happen.

Day-to-day delivery

Another theme that I mentioned in my lecture last year, and developed somewhat in the report, is the lack of respect for the quotidian. Policymakers have little appreciation of the responsibilities borne by those involved in day-to-day delivery, whether it is undertaken by public servants or by private employees.

One of the people I interviewed for my report argued that in the NHS, support services are very much viewed as a Cinderella service. Several others observed that there is a lack of respect for facilities maintenance within government.

An old friend recently introduced me to the writings of Eric Hoffer, the so-called 'longshoreman philosopher', whose books were widely read in America throughout the 1950s and 1960s. With a lifetime of working down at the coalface of a variety of different organisations, Hoffer had a high regard for the quotidian:

To me there is an aura of grandeur about the dull routine of maintenance. . . It is easier to build than maintain. Even a lethargic or debilitated population can be galvanized for a while to achieve something impressive, but the energy which goes into maintaining things in good repair day in, day out is the energy of true vigor.

As I suggested in my report, this is an area where providers can find common cause with the unions – both have an interest in explaining the challenges involved in the successful delivery of services day-in and day-out, and the massive contribution made by staff who work tirelessly away in the background in support roles.

Management

There is a third area where I have suggested that the industry sorely needs to work together to educate politicians, public servants and the public at large – and that is the contribution that management makes to the delivery of better public services.

I vividly recall a lunch that I had with a Unison official in Covent Garden more than a decade ago – a reasonable man who had long been exposed to the real world of public service delivery – and hearing him express an honestly-held view that the private sector could only deliver efficiencies by cutting the terms and conditions of its workers. It seems that no one had ever explained to him the difference that good management could make.

I was on a visit back to Australia shortly after that and was surprised to hear my successor as Cabinet Secretary in the New South Wales government, a thoughtful man who had worked closely with me as my deputy, ask how private providers could possibly deliver public services more efficiently than government.

One of the executives I interviewed for the report noted that ‘A bit of a narrative has developed that the only way the private sector makes savings is by cutting terms and conditions.’ Another thought that: ‘Contracting is seen as a zero-sum game – industry needs to demonstrate that it can be win-win’.

This misconception must be urgently addressed. Using real-world case-studies, industry needs to explain to politicians, policymakers and the general public how management works.

In my report, I gave the example of an academic study that was undertaken some years ago of a vehicle maintenance and warehousing contract at a New Zealand Army base.

I would not normally recommend academic economists to undertake such a project, but in this case, they did a superb job of designing the study, reassuring the company and the government officials involved, conducting the research in real time, and producing an article that was capable of being understood by academics and laymen alike.

The research began while the contract was still being phased-in, and the authors were given unprecedented access to management information and decision-making processes, including (for example) tender documentation, monthly contract reports and detailed information on labour costs.

In the workshop, they discovered that while staffing levels fell, the number of full-time equivalents actually rose, since the uniformed personnel previously employed had also had military duties. Capital equipment was reduced, because of milling machines and lathes that had historically been under-utilised.

There were a number of process innovations, with a new operational layout developed for the workshop floor which reduced coordination inefficiencies. As a result, the contractor increased output in the workshop by some 28 percent.

Industry does not regard these results as exceptional – they are the kind of reforms which you routinely undertake when you assume responsibility for a service that has not been market-tested before. But they will come as a surprise to many in government, particularly those who work in policy, who have no real understanding of the difference that good management can make.

Industry might commission a number of such studies. They would provide clear evidence of the magnitude of cost savings (a worthy outcome by itself), but more importantly, they would demonstrate how these benefits are delivered.

You might also commission studies which demonstrate the variety of ways in which contractors have helped departments and agencies to solve a range of problems, not just saving money. As one of the survey participants expressed it: 'We need to show that we are not just an ugly sister, where people can save a few bob'.

Better customers

For obvious reasons, the bulk of the responsibility for better bidding and negotiating behaviours must lie with individual providers and their staff. However, there are a number of ways in which the industry might quite properly cooperate in improving the way in which procurements work.

Most companies undertake some kind of rough 'due diligence' of potential customers or procurements before submitting a bid or signing a contract. I have suggested that the industry might work together to develop - and publish - a template for customer due diligence, a description of what makes a good customer, and the qualities that should set the alarm bells ringing.

One of the survey participants thought that companies should investigate the nature of the customer's relationship with previous providers. Another suggested that as part of their due diligence, before responding to the request for proposals, companies should ask, 'Who is managing risk on *your* side?'

I would have liked to have had the opportunity to explore this question - of what makes a good customer - in my report, but there simply wasn't time. I raised it with a number of survey participants and they had little difficulty in providing a preliminary list -

A good customer understands what they want; they are able to engage with potential suppliers; they focus on value rather than cost; they are confident outsourcers, relying less heavily upon consultants.

You recognise a confident customer, it was said, because they have fewer people at meetings. They take a long-term perspective, they focus on building trust, they want to build a relationship, they share the same values, especially around the treatment of staff. There is honest communication. They are tough but fair. They are not subject to the blame culture.

A serious study would unpack each of these issues further, explaining what providers mean when they list these qualities and why they matter.

The publication of a 'customer due diligence guide' might make contribute to the development of a common language and consistent behaviours on the part of suppliers, and it would signal to government departments and agencies what qualities industry was looking for in a potential customer.

In the same vein, I have suggested that the industry might publish studies of the conditions under which 'bid fever' and winner's curse procurements emerge. Without

a great deal of effort, you could publish a powerful report documenting the different ways in which departments and agencies attempt to allocate risk – this would enable the industry to better understand the conditions under which unwise decisions are made in the course of bidding and negotiation, and hopefully rein-in the worst examples of aggressive risk transfer.

This would involve little cost, and the trust issues could easily be addressed by working through a respected third party, such as a government inquiry or an academic institution. I provided a couple of precedents in my report.

5. Studying and Teaching Contracting

Which leads me to the last of the issues that I wanted to raise with you today – the need to develop capability in competition and contracting, to explore in much greater detail how they actually work.

I was in Ottawa last Friday and (among other things) presented the conclusions of my report to a meeting of senior procurement officials from the Canadian national government. You won't be surprised to hear that the findings resonated with them, although the public service market in that country has not developed to anywhere near the same extent as it has in the UK, and there has not been quite the same existential crisis.

But there, as here, churn was a serious problem among contracting professionals. There, as here, there was a very small number of public servants who had made this a career. There, as here, procurement and project management, market design and contract management are neither understood nor respected in the senior ranks of the civil service. There, as here, procurement and contract management have not been seriously studied or taught.

There is not a serious literature discussing the operation of competition and contracting in the public sector. Alvin Roth has been given a Nobel Prize for his work on market design, but he has only been concerned with matching markets where supply and demand can be cleared using an elegantly-designed algorithm.

Oliver Hart was given a Nobel Prize last year for his work on 'contractual completeness', which is based on the rather simple proposition that it is difficult to contract for services that cannot be specified in advance. He seems to be utterly unaware of the myriad of examples in the real world, where this problem has long since been resolved in practice.

Given how widespread the delivery of public services by external providers is, right across the developed world, given its importance in the delivery of core social services, given how much of the taxpayer's dollar is spent in procurement, it is a scandal that a great deal more attention has not been paid to the disciplines associated with competition and contracting.

The current focus of the UK government is on so-called commercial capabilities, but I have suggested that there are, in fact, four distinct but related skills – commissioning, market design (and stewardship), procurement and contract management.

There is finally an acknowledgment in government that procurement and contract management are different disciplines, but there is still not a recognition of how different they are. Procurement is a highly-structured game. It is short-term, it is competitive, and it demands the skill of the project manager.

Contract management is concerned with the development of a service over the medium to long term. It is (or at least, ought to be) inherently collaborative, and it requires a very different kind of manager – one who is qualified for and temperamentally suited to the ongoing management of two or more different organisations and the individuals who constitute them.

The UK has developed the most sophisticated public service economy in the world, with a variety of different markets and contractual models across a wide range of services. And yet the literature which studied the evolution and operation of that market – what has worked, what hasn't and why – is miniscule.

If the UK public service market is to mature, if the lessons of the past are to be learned, if the tools of competition and contracting are to be understood and intelligently applied by government policymakers and commissioners in the ongoing development of the market, then it is essential that government and industry make a serious commitment to disciplined research, publication and formal training.

Consideration should be given to the establishment of a centre of excellence somewhere in the UK for the applied study of public service contracting, and the design and operation of public service markets.

This would work best if it was funded jointly by government and industry, and there was a clear commitment to the centre's independence and longevity. The objective should be to undertake detailed research into real-world markets, contracts and procurements, studying the experience of both sides, and extracting the lessons without laying blame on individual parties. It follows that for such an institution to work, it would need to enjoy the absolute trust of both government and industry.

One of the survey participants observed that if only a tiny proportion of the money that has been wasted on flawed procurements and failed contracts in recent years were dedicated to such an institution, it would be well funded indeed.