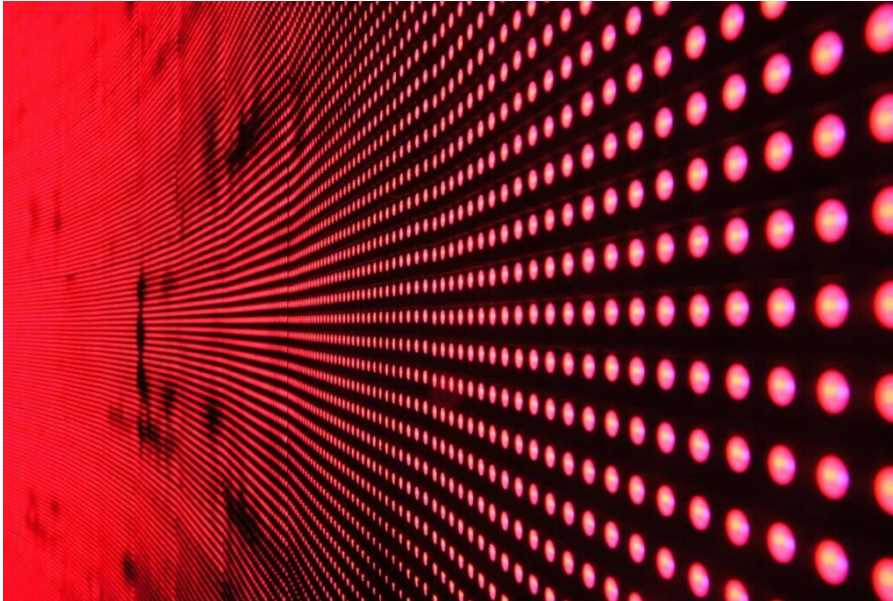# Public services can benefit from government improving how it works with technology suppliers

1 year ago

Government can save significant sums of time and money by improving how it engages with technology suppliers; but only if it learns from its past procurement approaches to large-scale digital transformation projects which have experienced decades of poor progress and billions of pounds in cost increases.

In seizing this opportunity, a cross-government sourcing strategy needs to be established that takes account of how to deal with 'big tech' suppliers who are bigger than government themselves. Government also needs to address other areas where it has fallen behind and not kept pace with the significant changes that have taken place in the technology market over the last few years.

This is according to the National Audit Office (NAO), whose latest report looked at what lessons can be learned from government's approach to large-scale digital procurement.

In July 2024, the new government announced a restructuring of the digital centre of government. The NAO's report has six lessons for the government to consider, split between three lessons for the centre of government (the centre) and three lessons for departments to consider.

Lessons for the centre of government

1) There are not enough people with digital commercial skills in government. The Government Commercial Function (GCF) – civil servants who support a range of commercial activity, including digital – does not have all the digital skills needed to reflect the distinct procurement challenges of major digital change programmes. Conversely, government's central digital function, which leads on digital and data policy, is

not formally responsible for and is not resourced for more extensive engagement in digital procurement.

2) Government procurement guidance does not address all the complexities of digital commercial issues. Government would benefit from greater departmental and external input on the more complex issuesin technologically-enabled business change.

3) Government struggles with the breadth of issues that affects its ability to engage effectively with suppliers. It needs to invest in capability to improve its understanding of digital markets, its technical expertise and how to partner more effectively with suppliers.

Lessons for departments

4) Departments do not make full use of their digital expertise when procuring for technology-enabled business change. Commercial teams do not always engage their internal digital experts at the right time.

5) Digital contracts are awarded with insufficient preparation. Programme teams often hasten to award contracts because of pressure to deliver, including before fully understanding what is actually needed from a contract.

6) Approaches to contract design can negatively impact successful digital delivery. Government can opt for mechanisms which limit the flexibility for suppliers to use their expertise to help government deliver the desired outcomes.

Recommendations

The NAO is recommending that the centre decides who should take ownership for addressing the problems identified in the report. The centre should produce a sourcing strategy to include improvements in how it deals with 'big tech' and strategic suppliers. It should also create a digital skills plan to plug recruitment shortfalls and to better equip and train decision-makers responsible for digital commercial activities.

For departments, the NAO recommends departments strengthen their 'intelligent client function'. They need to identify and develop key requirements before tenders and bid processes commence, and improve how policymakers and technical specialists work together with procurement specialists. Departments should also improve their capability to collect and use data to inform a pipeline of supply and demand. This would help the centre of government build a more strategic approach to suppliers.

Gareth Davies, head of the NAO, said: "A lack of digital and procurement capability within government has led to wasted expenditure and lack of progress on major digital transformation programmes.

"Government needs to rethink how it procures digitally, including how to deal with "big tech" and global cloud providers that are bigger than governments themselves.

"The creation of the new digital centre of government provides an opportunity to make the systemic changes that are needed."