

PUBLIC PROCUREMENT IN THE INFORMATION SOCIETY

The total public procurement spend across the European Union is over 720 billion Euros per annum. IT systems and services account for about 10% of that - ie 72 billion Euros. The procurement process itself is complex, time consuming and slow, resulting in further massive costs to the taxpayer - not just for officials' time but in the higher prices suppliers must charge to offset their own costs.

The procurement directives result in an inflexible approach to public sector purchasing. It is hard, despite a wish to follow established "best practice", to develop procedures that ensure long term value for money. Directives, produced initially to reduce fraud and corruption, now mean that taxpayers' funds are often wasted.

Problems are particularly acute in the procurement of IT systems, where requirements and solutions change so rapidly that precedent is of little value. IT procurement is not just about products and services but about delivering business benefits. Because specifications have to be prepared without consulting potential suppliers and cannot be changed over the six months or longer it can take to complete a single purchase, out-of-date and inappropriate systems are too often delivered. With only a few exceptions, strategic partnerships between customer and supplier are not permitted under the rules.

This working party welcomed the Communication published by DGXV in March 1998 and submitted constructive comments on their proposals for a more flexible approach to procurement. Despite the inclusion of a timetable for action, progress in achieving change has been very slow. Consultation on the details seems to have been limited to a few representative bodies in each member state. Unless both procurement professionals and suppliers are involved in this process, further documents, intended to clarify, will merely provide an additional level of ambiguity.

We are, however, aware that some large suppliers have a significant influence on government policy in their own states and that by resisting change in the procurement rules they can maintain barriers to entry against their smaller competitors. (The cost and effort involved in breaking into this market under the current rules is prohibitive for most potential new entrants). Although this clearly conflicts with current EU policy to support SMEs, it is a political reality which we consider should be recognised at the European Parliament level.

Information and communications technologies are themselves contributing to improvements in the process, largely through the implementation of the SIMAP project. The Commission is currently seeking amendments to the relevant directives to permit electronic procurement and place it on an equal legal footing with other means. So far, though, they have stopped short of proposing a fundamental re-think of the regulations to accommodate the requirements of modern government.

Actions for MEPS:

1. To press for a more flexible approach to public sector procurement.
2. To encourage the Commission to produce detailed proposals for reforms that enable the public sector to benefit from best practice in IT procurement and to consult widely on their proposals within a realistic time scale.
3. To support measures that promote the extension of electronic procurement in the public sector.
4. To ensure that the UK viewpoint is well represented in debate and watch out for proposals that - because of our different legal system - would have a detrimental effect in this country.