A report by the Associate Parliamentary Design & Innovation Group in association with the DBA

dba design business association

Associate Parliamentary design&innovation Group

DESIGN AND THE PUBLIC GOOD: CREATIVITY VS THE PROCUREMENT PROCESS?

‘DESIGN IS NEITHER AN INTELLECTUAL NOR MATERIAL AFFAIR – BUT SIMPLY AN INTEGRAL PART OF THE STUFF OF LIFE, NECESSARY FOR EVERYONE IN A CIVILISED SOCIETY’ – WALTER GROPIUS

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FOREWORD

I was pleased to see this report - and even more pleased to read its recommendations.

As I stressed in the *Cox Review of Creativity in Business*, published by HM Government in 2005, the use of good design lies at the heart of successful innovation. And for business, the ability to innovate is the key to surviving and flourishing in an increasingly competitive world. In the public sector it has an equally important but different significance: it is the only way that ever-growing public expectations can be met in a financially constrained environment.

In recent years, the private sector has increasingly understood the nature and importance of good design: recognising that it is more than a matter of aesthetics. Whether talking about a product or a service, good design is concerned with issues such as fitness for purpose, customer appeal, ease of use, suitability for manufacture or delivery, ease of maintenance, capacity for further development and environmental impact. It also seeks out imaginative responses to problems or opportunities. It is a competitive differentiator in a world where the UK cannot compete - in any sphere - on the basis of lowest cost.

The public sector - with a few worthy exceptions - has been slower to recognise either the relevance or the potential of good design. This is not a matter of individual failings but largely a reflection of an environment where requirements are often too narrowly defined and potential solutions too narrowly constrained: an environment where procurement processes militate against the non-standard solution or the unproven supplier, and where accountability is focused on process rather than outcomes.

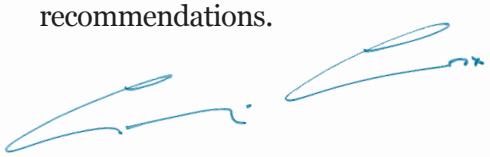
Yet the imperative to innovate - imaginatively, sensibly and continually - is equally as strong as in the private sector. There is no issue that the public sector faces that can be solved by throwing resources at it. That applies to healthcare, education, social services, energy provision, waste management, policing, transport infrastructure, whatever. Tackling the demands needs new thinking.

Moreover, many solutions come at remarkably low cost, as recent examples promoted by the Design Council have shown: hospital furnishings that are more readily cleaned, helping to tackle the hospital infection problem; newly designed patient gowns, ending years of indignity; and shatter-proof beer glasses, reducing the potential for both accidents and violence.

However, adopting new approaches to long standing problems requires more than just a willingness to embrace new ideas. It needs greater understanding of how to examine issues in a wider context, how to evaluate new solutions and how to innovate in a controlled and risk-limited manner. It needs a procurement process that demands, rather than just permits, a broader look at requirements and one that encourages the search for innovative solutions.

Looking back on the five recommendations from my Review, I have been gratified at the progress made in several areas. The one that lags is seeing the public sector make greater use of the design talents that are abundant in the UK.

I very much hope that this latest study will help to change that. I heartily endorse its recommendations.



George Cox
Former Chairman of the Design Council and author of the Cox Review of Creativity in Business

LIST OF ABBREVIATIONS

APDIG	Associate Parliamentary Design and Innovation Group
BIS	Department for Business Innovation and Skills
CABE	Commission for Architecture and the Built Environment
CAPEX/ OPEX	Capital Expenditure/ Operational Expenditure
CIB	British Association of Communicators in Business
CIM	Chartered Institute of Marketing Services
CIPR	Chartered Institute of Public Relations
CIPS	Chartered Institute of Purchasing and Supply
COI	Central Office of Information
DBA	Design Business Association
DCMS	Department for Culture Media and Sport
DDC	Danish Design Centre
FCP	Forward Commitment Procurement
GCN	Government Communications Network
GPS	Government Procurement Service
ITT	Invitation to Tender
NAO	National Audit Office
NESTA	National Endowment for Science Technology and the Arts
OEP	Operational Efficiency Programme
OGC	Office of Government Commerce
PQQ	Pre-Qualification Questionnaire
PtP	Policy Through Procurement
RIBA	Royal Institute of British Architects
SEE	Sharing Experience Europe
SME	Small and Medium Enterprises

INTRODUCTION

The Associate Parliamentary Design and Innovation Group and the Design Business Association undertook this inquiry, building on the findings of the *Cox Review of Creativity in Business*, to assess the relationship between government and its design providers, and to explore design's potential to unlock innovation for the public sector. We take the term design in its broadest sense, as a verb rather than a noun, as a set of tools that enables a better way of doing things - whether that means designing effective policy, designing out waste, or designing services that work for users.

Two themes – the need to carefully monitor and manage the government-market relationship, and the need to innovate to achieve smarter procurement – are highlighted as procurement priorities in the recent BIS publication, *Going for Growth*[1]. For both of these objectives, government's engagement with SMEs is seen as key. In the recent *Policy Through Procurement Action Plan*[2], 'the key agendas that government intends to pursue as PtP priorites' include 'small and medium sized enterprises – lowering barriers to their participation.'

The inquiry found that the drive to improve standards of procurement for creative services (the government-market relationship for the design industry) and enable access for SMEs, as recommended by Cox and reiterated in *Policy Through Procurement*, has seen limited success; and the increasing pressure to innovate within government could be the catalyst for an improved relationship between the public sector and the design industry.

There is now a real opportunity to move to outcome-based commissioning, for public services to re-design their routes to procurement. Such a paradigm shift would support SME engagement, and, most importantly, benefit the end-user. But such a shift – such a comprehensive organisational culture change – will require action on multiple fronts.

The inquiry has considered the areas of knowledge, skills and process in turn, making recommendations for improvement on each.

1 Department for Business, Innovation and Skills, 'Government and the Market', Going for Growth: Our Future Prosperity, p48
2 OGC, Policy Through Procurement Action Plan http://www.ogc.gov.uk/documents/PtP_Action_Plan.pdf

THE CONTEXT

The Cox Review

The Cox Review was commissioned by HM Treasury in 2005 to look at how best to enhance UK business productivity by drawing on our world-leading creative capabilities, and makes recommendations to government to that end. One such recommendation suggests government must 'use the massive power of public procurement, both centrally and locally, to encourage more imaginative solutions from suppliers.'[3] The inquiry found that, in spite of enlightened guidance and exhortations coming from central government, and excepting isolated examples of good practice, the public sector has a restricted relationship with its creative providers.

Five years on, Cox's goals are as relevant as ever: the inquiry heard examples of procurement procedures that actively militate against smaller agencies or individuals working with public sector clients. The burden of regulation deters others, including experienced practitioners with a long public sector track record. And it is increasingly difficult for commissioners to procure small projects both economically and in accordance with regulation.

Pressure to innovate

There is growing recognition that innovation will be the key to better public service delivery[4] and benefits realisation. Design should be an indispensable tool in that process.[5] However, the inquiry found that the public service industries would benefit from a healthier relationship with the creative industries. The public sector's ability to procure innovation is hampered by cumbersome and complex processes, which regularly cost more than necessary, in terms of time and money, to both buyer and supplier, and ultimately deliver a worse product.

The inquiry found that too often, far from doing what Cox's review urged, government is damaging its own reputation as a client in a highly skilled sector, and public services fail to extract maximum value from a world-class industry and leading specialists – partly because the refined tools to do so are lacking. The result is that good design, a chief element in satisfactory procurement, suffers, public sector customers are thwarted in their ability to deliver, and the end-user, the citizen, is not well-served.

3 Cox, G., 'Executive Summary', Cox Review of Creativity in Business: Building on the UK's Strengths
4 HM Government, 'Putting innovation at the heart of central government', Putting the Frontline First: Smarter Government, p51-2
5 European Commission Staff Working Document, Design as a driver of user-centred innovation

Why are some elements failing?

The causes are deep-rooted and complex. The public sector is vast and highly differentiated, and procurement is the hinge of private and public interaction. Since 1997 public sector expenditure has grown by half in real terms[6] and generated, among other things, an increasing demand for the services of the design sector. But increased expenditure has also engendered increased emphasis on risk management and effective procurement, which in turn has led to greater complexity of process. Although of course we support the notion of fair, open, transparent procurement, at present there is an inherent tension between the workings of any creative process – requiring a degree of trust, and a responsive and close relationship between supplier and buyer – and the objective assurances that a rigorously audited procurement process demands.

Face-to-face chemistry is key to establishing understanding and enabling co-creation, and in cases where there is a 'broker' organisation, such as the COI, the creative relationship can be impaired.

The situation is aggravated by extreme variations in understanding of design. At worst, this means a poor grasp amongst public sector commissioners and procurers of what 'design' means, little awareness of the value design thinking can add, and suspicion of the perceived costs and uncertainty of dealing with 'designers'.

Why does this matter?

- **The citizen's interest is at stake**, both in respect of the well-being to be gained from good design of services and products, and in respect of value for public money.

- **There is money to be saved here, efficiencies to be gained, better results within reach.** Alleviating the procurement problems afflicting the design industry would improve the situation for other related industries and SMEs trying to negotiate public sector procurement.[7]

- **In the drive to deliver more for less, design can help deliver innovation and efficiency in every arena of the public sector.**[8]

> 'How you buy something naturally affects the end result of what you buy. We have decades of history of buying on price instead of purpose.'
>
> - Witness to the inquiry

6 'Trends in Public Sector Expenditure', Public Expenditure Statistical Analyses 2009 p65
7 http://www.research-live.com/comment/public-sector-procurement-leaves-small-suppliers-out-in-the-cold/4000837.article
8 Design Council, 'The role of design in public services', Design Council Briefing 02, November 2008

Innovation, 'new ideas that work at creating public value',[9] will be key to facing the impending 'perfect storm' of budget restrictions and increased demand. Innovate or fail. Government recently confirmed its commitment to putting innovation at the heart of government.[10] The HM Treasury-commissioned *Operational Efficiency Programme Final Report* acknowledges design as a part of that process: 'Innovation and service redesign will be critical in order to achieve improvements in the quality and efficiency of public services in more challenging economic circumstances…Government also needs to build the public sector's understanding of the importance of good design in delivering effective public services and build the appropriate skills to turn this understanding into tangible improvements'.[11]

- **The rapidly changing social context requires agile procurement**, but often the approved routes are not the most expedient. Public sector commissioners should not have to resort to irregular routes, to deliver their projects on time and to budget.

- **The public sector should lead by example.** In this country we continually accept and tolerate products and systems that are poorly designed. Whether we are about to embark on an age of aspiration or of change, public services should, without exception, drive up standards, expectations, and the aspirations of end users.

- **The UK's creative industries are one of its most dynamic, and a world-leading sector,[12] envied internationally.** But the public sector does not capitalise on this natural advantage. Government ought to support these industries through strategic procurement. Or, as George Cox put it, address 'a question that is vital to the UK's long term economic success – namely, how to exploit the nation's creative skills more fully'.[13] Recent research from NESTA has shown that although in general the UK provides a favourable environment for innovation, there are shortcomings in a few key areas, namely 'the role of demand, and in particular government procurement.'[14]

> 'Everything around us has been designed, but modern design is increasingly a process driven by the end users. When you ask if something is well-designed you mean is it truly fit for purpose. And many public service systems at the moment are just not fit for purpose'
>
> - Witness to the inquiry

9 Mulgan, G., NESTA, Ready or Not? Taking innovation in the public sector seriously
10 'Putting the Frontline First: Smarter Government.'
11 Operational Efficiency Programme: final report, 5.29, 5.34
12 Will Hutton, Staying ahead: the economic performance of the UK's creative industries
13 Cox, G., Cox Review of Creativity in Business: Building on the UK's Strengths, p1
14 NESTA, The Innovation Index: Measuring the UK's investment in innovation and its effects, p4

‘THE INQUIRY HAS CONSIDERED THE AREAS OF KNOWLEDGE, SKILLS AND PROCESS IN TURN, MAKING RECOMMENDATIONS FOR IMPROVEMENT ON EACH’

OUR RECOMMENDATIONS

The following recommendations are proposed as means for achieving value for money and smarter working in public services, a more rewarding experience for designers trying to serve the public sector, and, most importantly, our overarching area of concern: ensuring that decisions ultimately benefit the end-user.

The analysis and recommendations are grouped into three areas for action: knowledge, skills and process, but are intended to be complementary, consisting of awareness-raising activities coupled with new, practical tools.

Knowledge

These recommendations will deepen understanding of the value of design amongst policymakers and buyers

1. Improved understanding of design and innovation spend

A review of costs, savings and case studies, to demonstrate how design can save money, and identify where resources are currently being wasted.

2. A Chief Advisor for design and innovation

An appointed advisor - expert both in the strategic use of design and the workings of the public sector - to drive the design message within Government.

3. A campaign to raise the profile of design

A long term commitment to promote the benefits of design across all organisations, touching policy, procurement and communications.

4. A register of expert advisors

A register of approved design and innovation specialists, available to government for advice on system, service and product development.

Skills

These recommendations will improve the capacity and skills of public sector design and innovation procurers.

5. A design and procurement panel

A group formed to promote design value and improve design procurement skills by supporting those who make procurement decisions.

6. A tailored training programme

A training and development programme for commissioners and procurers of design.

7. An appropriate role for the COI

A commitment from Government to buy services direct from the private sector, allowing organisations to manage their own creative services.

Process

These recommendations will transform the procurement process for design and innovation, particularly with regard to engaging SMEs.

8. A single, simplified tender approach

A single approach for procuring design and innovation below the OJEU threshold.

9. A best practice pilot

Resolving typical difficulties within departments, using design procurement as a test-bed for evolving some simpler procurement methods.

10. An information and advisory service

A two-way service to advise procurement managers on best practice, to signpost to a directory of procurement-ready suppliers and help design agencies understand the road to winning Government work.

KNOWLEDGE

Building policymakers' and buyers' understanding of the value of design

Create the evidence base

The inquiry found that, uncharacteristically, there is little coherent data on public sector spend with regard to design.[15]

Given the range of activities undertaken and outsourced (marketing and communications, service design, product design), design spend is likely to be a significant sum. If private sector parallels are any guide, design will constitute a larger proportion of spend than public sector managers might realise. But it is difficult to assess for a number of reasons. Design encompasses many varied activities. There is disparity in accounting systems between the myriad organisations of which the public sector is comprised. And design is often 'silent', embedded in other projects, unrecognised.

The inquiry found there is money being wasted on inefficient process,[16] particularly in the realm of small projects. The approach makes procuring design an expensive undertaking, rarely achieving the results that should be possible. The inquiry heard much anecdotal evidence to this effect, from both suppliers and procurers. There are uncounted costs incurred at multiple points throughout the process, not just in administering contracts once awarded – in the internal process, in the (often disproportionate) number of manhours spent bidding and evaluating tenders, not to mention the longer-term price of sub-optimal results. These costs are almost never officially quantified, and, of course, it is difficult to improve something without first measuring it.

There is also the point that, far from being a costly undertaking, design can save money, even at its most basic, and this is often easily proven (see Case Study p18).

Although first-hand experience of the benefits can be persuasive, assurances of qualitative value are rarely enough to justify public sector budgets. 'Better measurement would help organisations to make a stronger case for investing in design amid competing priorities'.[17] The 2009 OEP report recognises 'the current measurement gap' and emphasises the importance

> 'There is a perception of 'design' being an expensive option. I would refer you to the saying: 'if you want to know how expensive design is, look at how expensive bad design is'.'
>
> - Witness to the inquiry

15 There are some interesting existing pieces of research with regard to the private sector: NESTA's recently compiled Innovation Index is a pioneer in measuring innovation activity within the private sector, and including design as a key driver of that activity (previous surveys have counted only R&D spend). The Design Council publishes its annual Value of Design turnover estimates, and is about to publish updated statistics on the size and shape of the design industry.

16 See Chapter 3: Process

of accountability and measurability of design and innovation.[18] For Government to recognise and address a faulty system that is not fit for purpose – one that is 'putting business out of business' and hampering the public sector's own capacity to innovate – a crucial first step is to build the quantitative evidence base.

Building on both the Design Council's and the DBA's work in documenting the effectiveness of design, creating a substantial library of case studies would be a good start. On this point there is agreement amongst the government's strategic design advisory bodies.[19]

Recommendation 1

Improved understanding of design and innovation spend

This report calls for a review of costs and savings (including a comprehensive and accessible library of case studies), to demonstrate how design can save money for the public sector, and identify where resources are currently being wasted. Better understanding of Government spend on design could potentially be achieved through an independent expert review of expenditure, which should establish total spend, investigate return on investment of good design (CAPEX vs OPEX) and attempt to determine 'public satisfaction'.

17 Innovation across central government, National Audit Office, March 2009.
18 Operational Efficiency Programme: final report, 5.39
19 Feedback from both CABE and the Design Council was strongly supportive of redressing this gap

CASE STUDY
REDESIGNING THE TAX FORM: SAVING TIME AND MONEY

Traditionally, Lambeth Council had a poor record of collecting council tax. So when they increased council tax demands by 22%, their expectations were fairly low. To make matters more challenging, there was no additional expenditure on production of the bills themselves or promotional activity. They asked Felton Communication for help.

The design team soon realised there were a number of other issues. Any redesign of the council tax bills had to accommodate a range of technical and practical constraints to do with the data. And crucially, any delay in generating and sending out the bills was inconceivable. By going back to basics, Felton developed a hierarchy of information, forming a generic but versatile grid to all council tax bills and related communications, with as much white space as possible. Simultaneously, they investigated the production process – from printing to mailing – to identify other inefficiencies.

The results were staggering. The amount of pre-payments increased by 80% - from £1.25m to £2.25m. The number of individuals prepaying increased by 50%. The total collection rate was 90.1% (the council's best ever). The number of summonses for late payment fell by 24%. And the bills cost less to generate than usual.

Savings were also made because of the increased number of direct debits. Savings on postage were made because fewer reminders were required. And savings were made on staff time, because there were fewer complaints and fewer queries. So everyone benefitted. Lambeth and Felton Communication won a DBA Design Effectiveness Award.

Design leadership

The inquiry identified that, just as there is no coherent national design policy – with design sitting awkwardly between BIS and DCMS – there is equally a vacancy for strong design leadership and expertise within central government.

Responsibility for pulling together design policy has been largely devolved to the Design Council, which works hard to demonstrate the importance of design in 'helping businesses become more successful and public services more efficient.'[20] However as an advisory body to government it necessarily has limited power to mandate activity.

The existence of ministerial design champions, under a Government Design Champion (currently the Secretary of State for Culture Media and Sport, Ben Bradshaw) is an improvement, but the remit of these champions is solely the built environment. Design means much more than the built environment. And we believe the issue of pushing good design within government is too critical to be subsumed into an already crowded ministerial portfolio.

Design leadership is one discipline where the private sector is probably more progressive in its thinking. One of the more sophisticated attempts to investigate *'The Economic Effects of Design'* was that undertaken in 2003 by the Danish Design Centre. This study involved a survey of Danish businesses, and examined performance according to the design 'ladder' developed by the DDC. The ladder identifies four levels of commitment to design (see Box 1).

Celebrated private sector examples of 'design in the board room' leading to success include brands such as Apple, BT, LEGO, Microsoft, Sony, Starbucks and Virgin Atlantic.[22] The practice of embedding design at step 4 brings design expertise into collaboration with more traditional business development thinking to reconsider core business strategy.

Similar leadership techniques should be available to government.[23] The Innovators Council seems to be a commendable initiative in this direction.[24]

Box 1
The Design Ladder[21]

Step 1: Non-design
Design is an inconspicuous part of, for instance, product development and is performed by members of staff who are not design professionals. Design solutions are based on the perception of functionality and aesthetics shared by the people involved. The points of view of end-users play very little or no part at all in the design process.

Step 2: Design is styling
Design is perceived as a final aesthetic finish of product. In some cases professional designers may perform the task, but generally other professions are involved.

Step 3: Design as process
Design is not a finite part of a process but a work method adopted very early in product development. The design solution is adapted to the task and focused on the end user and requires a multidisciplinary approach, e.g., involving process technicians, material technologists, marketing and organisational people.

Step 4: Design as innovation
The designer collaborates with the owner/manager in adopting an innovative approach to all – or substantial parts of – the business foundation. The design process combined with the company vision and future role in the value chain are important elements.

20 http://www.designcouncil.org.uk/
21 (Danish) National Agency for Enterprise, The Economic Effects of Design, September 2003, p28
22 http://www.designcouncil.org.uk/About-Design/managingdesign/Eleven-lessons/
23 The Singaporean Government, as part of their National Design Policy, have instituted an International Advisory Panel on design 'to develop Singapore into a design hub in Asia, and to grow design into one of the key pillars of economic growth.'
24 http://www.hmg.gov.uk/innovation.aspx

It should be noted that the widespread practice of outsourcing public service provision means that outsourcing providers have responsibility for, and a significant role to play improving public services through design. The NHS Choices Case Study (p21) is a good example of generating a paradigm shift in service provision through one such provider.

There is lip service paid at the highest level to the strategic importance of design and its value for the economy.[25] The final report of HM Treasury's *Operational Efficiency Programme*, published alongside the 2009 budget, identified a need 'to improve design and innovation in public services, diffusing innovations in both central and local government.'[26] But in reality there is no appointed agent to drive this design message.

> '80% of innovation fails, so you should be very careful in government of pushing innovation as a target – you should push for progress'
>
> - Witness to the inquiry

Recommendation 2

Government should appoint a Chief Advisor for design and innovation

This report calls for the appointment of an appropriate figure - expert both in the strategic use of design and the workings of the public sector - to drive the design message within Government. The role would oversee design management within central and local government, scrutinise, drive up standards and promote and expand design and innovation procurement challenges around pressing and intractable societal problems (similar programmes are already underway at the Design Council[27] and NESTA.[28]) The role would include chairing the proposed Design and Procurement Panel.[29]

25 "We will continue to work with the creative industries in our country, a sector that goes from film and fashion to architecture and the media, to support and extend the one million jobs. And Britain now enjoys its position as the leading creative-industries sector in Europe, and that is something we are determined to maintain and extend"
– PM Gordon Brown speaking at Going for Growth Launch (http://www.number10.gov.uk/Page22085);
"I don't think people yet realise just how important architecture and design are going to be to our economic, as well as to our cultural and social future. I believe that the countries that will succeed in the modern world are the countries that have that creativity, are able to show that in practice by architecture, design, fashion, music and everything else that is associated with creative industries. Nowhere are we better placed than in architecture and design"
– PM Gordon Brown speaking at No 10 reception for architects,
(http://www.architectsjournal.co.uk/news/daily-news/prime-minister-british-design-and-architecture-are-second-to-none/5210866.article)

26 Chapter 5, Summary Recommendations, Operational Efficiency Programme: Final Report, p69

27 Design Council, Designs of the Time:
http://www.designcouncil.org.uk/Design-Council/1/What-we-do/Our-activities/20-reasons-to-go-to-Dott/

28 NESTA, Public Services Lab: http://www.nesta.org.uk/areas_of_work/public_services_lab

29 See Recommendation 5: A Design and Procurement Panel.

CASE STUDY

NHS CHOICES PREGNANCY PLANNER: RETHINKING SERVICE PROVISION

NHS Choices is the government health information service to citizens, with a comprehensive digital component. In an innovative piece of procurement in 2008 the service was outsourced to a winning consortia of organisations, managing the operational, content development, marketing and design programme

The Team are the lead communications partner in the consortia, led by Capita. The partnership structure is unusual in that it allows partners to proactively suggest ways of improving citizen engagement. This mindset leads to faster innovation, no red tape and a close working relationship that delivers rapid behaviour change and real efficiency gains for the client. NHS Choices is a perfect example of how to drive effectiveness by placing public services in the hands of the private sector. This is also a demonstration of how design can deliver a paradigm shift in the way people use public services.

The NHS Choices resource contains articles on a wide range of health topics, including authoritative and accurate guidance for expectant mothers. But in a noisy market, the number of women finding and using this pregnancy service was felt to be low. The Team were asked to help NHS Choices find a new way of providing mums-to-be with the information they needed, and to raise awareness of the NHS Choices Pregnancy Care Planner.

The Team's response to the brief is a new way of communicating with citizens on health topics, in the form of an innovative desktop application. All that the users – in this case pregnant women – have to do is download the application and log their due date, and they automatically receive regularly updated articles and imagery appropriate to their stage of pregnancy.

The campaign and application led to a 38% increase in the number of women visiting the pregnancy section of the website. The application has an ongoing acquisition rate of 2,329 new mothers per month, without any paid-for media – meaning low-cost and highly effective communication.

Due to the success of this campaign and the positive reactions to the pregnancy planner from both midwives and pregnant women, NHS Choices has recommended that a similar online campaign, dealing with different health issues, is repeated every six months to engage new audiences.

Common knowledge

It is easy to forget the immeasurable contribution of design to everyday life. Government and the public sector are no exception to this failing. In the private sector, standards are set by competition, by citizens' experience of customer service levels and their ability to choose. Yet in cases where it arguably matters the most - the health service, public transport, social care (all public services) – customer experience often appears to have been woefully overlooked. To take a common example: although it may have little financial bearing, what is the human cost of being handed a deceased relative's belongings in a black bin bag? Design concerns itself with the experience of the end-user of products and services. So, just as leadership is crucial, telling the design story at the front line, amongst those who commission and procure, is vital.

Policymaking at all levels has been largely insensible of the analytic and strategic role design could play in early discussions, limiting creative input to the end of the process, for marketing or communications for example. The view from industry is that they are excluded from a conversation in which they could play a helpful role, 'like a heart surgeon standing outside the room of a patient complaining of chest pains.' The inquiry found that it is this diagnostic facility of certain elements of the design industry of which the public sector is most ignorant.

Smarter Government[30] states the current administration's intention to 'free up the front line to innovate'. Greater flexibility in procurement, and an enhanced ability to work with designers, innovators and creative experts, will be a vital tool in realizing that intention. The inquiry heard repeatedly of process inhibiting managers trying to innovate, and of overly-specified policy moving beyond the clear stating of desired outcomes, into the realm of required output. A culture of 'outcome' and not 'output' focused policy would empower managers to bring their own knowledge and experience to bear.

Cox identified a gap 'between the bridge and the rudder', between Government policy (guidance from OGC) and what happens in the myriad agencies of the public sector. This gap would be lessened by awareness-raising activities and sharing of best practice, as well as the persuasion of experience. Taking part in a real life case study, immersing public sector managers

> 'They (clients) can't see what they can have. Our job is one of helping them gaze into a crystal ball . . .'
>
> - Witness to the inquiry

30 HM Government, Putting the Frontline First: Smarter Government, December 2009

in first-hand experience, was regarded as most likely to communicate the benefits – human and financial – of design.

The inquiry identified a need to

– educate as to the benefits of working with design/ designers/creative agencies
– demonstrate how to get the best out of a contract, i.e. which procurement processes to use
– better publicise OGC best practice
– engender competition between departments

Recommendation 3

Campaign to recognise the value and raise standards of design and innovation

Government should commit to the promotion of the benefits of design across all organisations, touching policy, procurement and communications. Key would be regularity and a long-term commitment to getting the message through. Deliverables would include seminars, exhibitions, publications, digital solutions and award-schemes, namely: Government should consider a scheme through which the private sector can nominate and acknowledge those public sector managers who perform effectively, thus creating a culture of knowledge sharing, pass-it-on training and best practice, the results of which could be disseminated online. Consideration would be given to ROI in terms of financial, strategic and social impact. The development of this online resource would act to inspire commissioners and managers to demand more of designers.

'Design is the new management consultancy'[31]

The UK is regarded as a leader in innovation,[32] with a historic reputation for excellence in all types of design. We educate more designers than most other developed nations.[33] Designers are natural problem solvers, experts who can help with 'failures of imagination'.[34] The inquiry found that the value of this resource is underestimated and underutilised by the public sector.

Research by NESTA, *Nudging Innovation*, sets out the argument that innovation services provided by creative businesses can help overcome behavioural failures (myopia, inertia, risk or loss aversion) to improve the innovation performance of firms. The research examined performance in SMEs, but in as much as the behavioural economics apply to people in general, this would suggest that innovation services from creative businesses could have value for the public service industries. 'Just as economic growth and development shifts the industrial structure of an economy ever toward services, the growth and development of the innovation system follows the same pattern.'[35] Elements of the design industry have evolved their offering to keep up with this requirement for innovation services from business.[36] But these new capabilities are rarely taken up by the public sector.

The Design Council describes 'the role of design in public services' thus: 'Recent evidence shows that design methodologies can drive innovation in public services. Rapid prototyping creates efficiencies by designing out problems early, and the collaborative nature of many design projects can engage public sector workers, frontline staff and users in the development and delivery of new services. However, research also shows many public service providers lack the knowledge and skills to use design as a strategic approach to innovation. Developing this capacity would help public sector organisations manage their creative processes and find innovative solutions for service delivery.'[37]

'Developing this capacity' could mean employing designers as facilitators of innovation processes, as strategic thinkers, as well as simply to design the service or product itself. In buying strategic advice, public sector managers should recognise that it is not only the 'safe' consultancies – such as those on the Buying Solutions 'Multidisciplinary Consultancy' Framework – that

> 'Government tries to choose design, when actually it needs to get better at choosing designers'
>
> - Witness to the inquiry

31 http://noisydecentgraphics.typepad.com/design/2006/06/the_future_of_g_1.html
32 European Innovation Scoreboard 2008
33 International Design Scoreboard, p59
34 Dr Jason Potts and Kate Morrison, NESTA, Nudging Innovation, April 2009
35 Dr Jason Potts and Kate Morrison, NESTA, Nudging Innovation, April 2009
36 Innovation consultancy IDEO are a perfect example: http://www.ideo.com/
37 http://www.designcouncil.org.uk/briefing02

can help. There are creative agencies and individuals that can (and do) provide innovative, strategic input, pre-procurement. The Design Council's Design Bugs Out Project (see Case Study, p42) was particularly successful in assembling an expert panel pre-procurement to determine, with the Department for Health, what the bounds of the innovation challenge should be. The Design Council is now testing this approach with other departments, but the programme is the exception to the rule.[38] In most cases such expert individuals are hard to access at present. The procurement system is a hurdle.

There is another significant drawback to the present set-up: in the private sector, design agencies and individuals are able to work proactively for the benefit of their client's business. In the public sector, the restrictions of due process render this relationship reactive at best. Nowhere is this better exemplified than in the operations of the Central Office of Information, whose function as a broker, although expert at handling the legal requirements, eliminates the unique chemistry between creative and client that delivers exceptional innovative ideas.

Enabling these relationships, enabling pre-emptive input from a trusted partner – whose experience makes them expert in anticipating needs, even before they become apparent – will be key to improvement. Government recognises that traditional solutions will no longer suffice.[39] It must go further in opening its doors to creative individuals to advise.

Recommendation 4

A register of expert design and innovation advisors

To facilitate a move to more outcome-based commissioning, Government should establish a register of design and innovation specialists, available for policymakers and public sector managers (with minimum procurement work) to advise on system, service and product development, and more effective procurement.

> 'Where design can help government is very strategically, by helping managers in government lead. We can do more than create pretty signs, we can help these agencies of government work out what an excellent customer experience is'
>
> - Witness to the inquiry

38 http://www.designcouncil.org.uk/Design-Council/1/What-we-do/Our-activities/Public-services-by-design/

39 'Recently published research commissioned by the Cabinet Office and carried out by the Sunningdale Institute again makes the case for a Whitehall policy culture that seeks out, captures and values frontline insights and experiences in order to ensure policies that are practical, effective and relevant'
– Operational Efficiency Programme: final report, 5.30

‘THE ANSWER TO THE PROBLEM CANNOT BE TO ASK A LOT OF DESIGNERS TO GO THROUGH A COMPLEX APPLICATION PROCESS AND THEN DO CREATIVE WORK FOR FREE – WHICH IS AGAINST OUR TRADE ASSOCIATION GUIDANCE’

SKILLS

Improving the capacity and skills of design and innovation procurers

The effective management of creative expertise

In concluding the chapter on public procurement, the SEE policy booklet, *Integrating Design into Regional Innovation Policy*, urges procurers to 'recognise that innovation and design are not commodity items and do not fit traditional procurement processes, so the effective management of creative expertise is required.'[40] That such expert management is rare was a concern reflected by many suppliers throughout the inquiry – 'You're buying advisors like beans'. This suggests there is a breakdown between the procurement guidance coming from OGC and BIS, and everyday practice.

This 'gap' between policy and business reality was an issue identified in 2005 by Cox, and summarised as follows:

'such declarations and the accompanying guidance (from HMT) aren't sufficient to overcome years of ingrained thinking and behaviour or a lack of necessary skills to put policy into practice. This is compounded by the fragmented nature of procurement, carried out not just by the many different central government departments but by thousands of local bodies. It is possible for government to set overall rules that constrain practice but much more difficult to mandate positive behaviour. It is an area where there is no firm connection between the bridge and the rudder.'[41]

Sophisticated procurement tools for dealing with SMEs (in which category the vast majority of creative agencies would sit)[42] do exist and are currently being reviewed, updated and refined on the back of the Glover report, *Accelerating the SME economic engine: through transparent, simple and strategic procurement*.[43] But the inquiry found that a combination of limited knowledge and a natural inclination to risk aversion can still lead to bad practice, both in the internal operations of an organisation and in dealing with suppliers (see Box 2).

Box 2
Failings in the management of creative expertise

Frequently-occurring complaints from both buyers and suppliers:

- miscommunication and misunderstandings between commissioners and procurers
- artificial dividing of projects into smaller procurement tasks, often when an integrated approach would be more effective
- poor knowledge of how to write a design brief – suppliers complained of having to negotiate 'the straitjacket of a bad brief' – or evaluate a tender
- under-appreciation of design skills: demands for free creative pitching and an unwillingness to pay 'the right price' for design
- 'Value for Money', although defined by the OGC and NAO as 'Optimising the cost of delivering a service or goods over the full life of the contract rather than minimising the initial price', is still often interpreted as lowest cost

Overall: a confusing lack of consistency in process.

40 SEE Policy Booklet 01, November 2009, Integrating Design into Regional Innovation Policy, p9
41 Using the power of public procurement, Cox Review of Creativity in Business, p35
42 80% of design agencies employ fewer than 5 people
43 http://www.ogc.gov.uk/key_policy_principles_creating_opportunities_for_smes_and_third_sector_organisations.asp

The inquiry found room for improvement in the skills of both commissioners and procurers to manage creative expertise, and a need for clearer ground rules regarding best practice in procurement of design.

Recommendation 5

A Design and Procurement Panel

We recommend that Government appoint a joint design and procurement panel, with support from CIPS, the purpose being to improve design procurement outcomes through supporting those who make procurement decisions.

The panel would promote design value to public services, explain the roles that design can play, when and how it should be used, and advocate intelligent procurement practices geared towards outcome-based commissioning (see Case Study, p31). This advisory group of public service experts would be a matrix of senior public sector and design industry figures, recognised by the OGC and chaired by the new role of Government Chief Advisor for Design and Innovation.

> ‘There seems to be an absolute acceptance to pay for science but a reluctance to pay the right price for creativity – creative thinking or design’
>
> - Witness to the inquiry

Tailored training

Just as 'design' can be deployed at many different levels, there are equally many disciplines, types of agency and calibre of designer (see Box 3). It is not clear that buyers are aware of this variety of suppliers. Evidently, the greatest success will come when companies who can truly fulfil the requirements are invited to tender. Confusion at the outset over who is being asked to tender for what type of activity can lead to misunderstandings and difficult relationships, and costs that are unexpectedly high. Our interviews suggested that public sector customers would benefit from advice to help them differentiate between the many different design disciplines, the kinds of consultancies that supply them, and which are the best in their field.

The inquiry also heard that one of the fears in commissioning design is vulnerability – particularly if the results are controversial or mediocre – to criticism and exposure of spend by the media and Parliamentary questioning. The media furore surrounding the unveiling of the London 2012 Olympic logo[44] is a typical example. It is crucial to understand that not all innovations will succeed; but one of the advantages of a well-managed creative process ought to be 'failing early and cheaply'. (Pushing ill-fated projects through because of a political imperative is failing expensively, and publicly.) Government communicators need to have the skills to argue the case not only for spending money on design, but for failure as a natural part of progress.

Procuring well is half the battle. Recent tenders for London 2012 and a Brand for London were doomed from the start, characterised by the lack of a professional approach to procurement. There seems to be little help for procurers negotiating the specialist area of creative advice or services. The Government Procurement Service[45] and the Government Communication Network[46] both provide well-established support to civil servants. But it is our understanding that currently there is no design-specific advice on offer.

Alongside the December 2009 Pre-Budget Report, government pledged to institute a new National School for Government training programme for public sector innovation[47]. Such a programme should include training in the use and procurement of design as an integral part of the innovation landscape.

Box 3
The 'Design Does It' categories of designer

1 The 'consultant' designer is focused on finding the right problem, using conceptual thinking, and is oriented towards improving the way something works functionally – thereby making it better.

2 The 'visionary' designer is focused on exploring problems (rather than working with a given solution), by using conceptual thinking methods that are oriented towards bringing a unique twist to something – making it new, fresh and eye-catching.

3 The 'contractor' designer is focused on delivering design solutions that are oriented towards making something functionally better rather than simply more aesthetically pleasing.

4 The 'specialist' designer is focused on delivering design solutions, using traditional design methods that are oriented towards being efficient and aesthetically pleasing.

44 http://www.telegraph.co.uk/news/uknews/1553545/Olympic-chiefs-under-fire-for-puerile-logo.html
45 http://www.civilservice.gov.uk/my-civil-service/networks/professional/gps.aspx
46 http://www.civilservice.gov.uk/my-civil-service/networks/professional/gcn.aspx
47 Putting the Frontline First: Smarter Government p52

Procuring design intelligently can enable 'smart'[48] or '5th generation' innovation but this is a message that needs clearer and wider dissemination.

Recommendation 6

A tailored training programme

In partnership with GPS and GCN, the Design Business Association should refresh and expand the 'Design Does It' training and development programme for commissioners and procurers of design, to include training in design procurement, and for services beyond the realm of marketing and communications design.

The course ought to place emphasis on demonstrating value for money through design. This report calls for all Government departments and NDPBs to encourage training through a newly accredited course of this kind, alongside those offered by CIB, CIMS and CIPR.

> 'Designers know about risk – design is one of the 'riskiest' industries. The design process is a simple human activity of trial and error. If you punish people for errors they will not trial. There needs to be a way of rewarding controlled failure'
>
> - Witness to the inquiry

48 See the Design Council's 'Design Bugs Out' Case Study, p42

CASE STUDY
HM PRISON SERVICE ZERO WASTE MATTRESSES: FORWARD COMMITMENT PROCUREMENT PIONEER PROJECT

HMPS was a pioneer in using the Forward Commitment Procurement model, with which they sourced an alternative solution to a highly unsustainable system for disposing of used mattresses in prisons.

The Forward Commitment Procurement model involves providing the market with advance information of future needs in outcome terms, early engagement with potential suppliers and the incentive of a Forward Commitment: an agreement to purchase a product or service that currently does not exist, at a specified future date, providing it can be delivered to agreed performance levels and costs.

In HMPS's case, they were buying 60,000 high specification mattresses and pillows per year and disposing of the majority to landfill or as clinical waste. The practice was costly (estimated to cost over £3 million pa), environmentally unsustainable and out of step with HMPS sustainable development policy.

HMPS identified an 'unmet need' thus:
"HMPS aspires to a zero waste prison mattress that meets or exceeds current operational requirements and delivers whole life cycle cost efficiencies. By 2012, HMPS wants all its mattresses and pillows not classified as hazardous waste to be recycled, repurposed or reused instead of going to landfill; and to reduce to 2 per cent pa the number of mattresses disposed of as hazardous or clinical waste."

Through a process of FCP market sounding and consultation, HMPS made sure that the market knew about the requirement, had time to develop new supply chains and innovate, and (critically) was convinced of their commitment to delivering the outcomes. The response of the supply chain was excellent: over 36 high quality responses were received, from which a range of options were identified.

The results: innovative new covers will reduce turnover and all but eliminate the need for clinical waste disposal; no end of life mattresses will be sent to landfill, but instead will be recycled into useful products. HMPS estimates that it will save between £3-£5 million over the life of the contract, and is now working with BIS to build on the success of this project and develop a second FCP project, towards zero waste prisons.

The role of the Central Office of Information

Throughout the inquiry, witnesses from both the supply and demand side expressed misgivings about the operations of the Central Office of Information (COI).

Established in 1946 as government's communication agency, the COI has grown to over 2500 staff in a nationwide network, handling the communications needs of a vast range of public sector organisations. Today COI manages the majority of government spend on communications activity,[49] and to do so it has created extensive frameworks – in accordance with EU guidelines – for a range of design-related activities, including strategic consultancy, research and insight, customer experiences, marketing and communications services, branding and events.

But since the inception of the COI, the context for Government communication has changed. The need to communicate more effectively and innovatively means handling most services through one gatekeeper is no longer sustainable, and doesn't afford the agility for managing cross-cutting projects that require integrated solutions and specialist agencies working in partnership. There is now some debate over what the COI's role should be.

Duplication of services

As it has grown the COI has expanded its offering from commissioner, to advisor, to supplier, duplicating services government departments or NDPBs can and should provide for themselves, and services that the private sector is better placed to supply. In managing the frameworks for outsourcing projects it removes the responsibility and expertise from individuals within departments. It also retains the creative capabilities to deliver projects in-house, effectively operating as an agency catering solely to the public sector, and putting itself in direct competition with the private sector. This is an abnormal situation.

As a gatekeeper there is a fundamental conflict of interest in being both regulator and producer, and such an operation is likely distorting the marketplace for design and creative services, as well as being inefficient. Additionally, this needless element of competition results in what some witnesses characterised

49 90% by its own admission – with total operating expenditure of £542m and running costs of £54m in 2008/09, download the annual report here: http://coi.gov.uk/documents/coi-annualreport2008-9.pdf

as bizarre, 'territorial' behaviours ('COI is wary of agencies developing a relationship directly with clients, and stealing their business') and breeds a culture of suspicion rather than trust.

Risk and reward

Because COI behaves as if it was a private sector agency, in reality it has little risk of failure. In the private sector the balance of risk and reward drives quality and innovation. But for the COI such incentives are reduced. Whatever the quality of service, work is guaranteed because there is no other choice for clients. Its size and monopoly of the market makes it an expensive service for clients to use, whereas competition would encourage best value spend of public money. Market forces ought to be allowed to drive economic value to the sector and public value to citizens.

The middleman inhibits creative relationships

The inquiry heard concerns that COI's role as a broker – mediating between public sector client and agency – compromises the quality and value of solutions. Their intervention slows down what sometimes needs to be a rapid commissioning process, prohibits any open discussion of budget, and their particular interpretation of EU procurement rules denies access to opportunities for small and specialist providers.

Additionally, the quality of the relationship is diluted. The culture of suspicion mentioned above is counter to what should drive the creative process – trust, insight and passion for results. Working through a broker can dull motivation and enthusiasm on both sides in what should be a mutually exciting and rewarding activity. Private sector agencies can never commit fully and establish a successful relationship because they never truly get to know their client. Government clients should be able to invest in design directly, and work with the best of the sector to create long-term sustainable partnerships with providers.

> 'People buy from people. A problem with procurement, inherently, is it's a barrier to the relationship'
>
> - Witness to the inquiry

A mismatch with current policy

In light of recent Government policy that has

1. championed support for the creative economy as a significant contributer to GDP,[50]
2. alleged its intention to improve opportunities for SMEs,[51]
3. pledged to promote innovative procurement,[52] and
4. admitted it needs to find a way to drive down public spending[53]

it is strange that Government should be funding an agency that, in its operations, works counter to many of those targets.

There is admittedly a market for the service that COI provides amongst smaller public sector agencies, but there is no reason why other larger government departments can't provide this service by sharing their own frameworks, for free.[54]

However, in the context of the breadth of public services, in which communications are a daily output, there is a role for the COI. Its value would be in proving a saving on bulk purchase of support services such as media or print, or if it can better the economies of scale that are achieved by Buying Solutions.

Recommendation 7

An Appropriate Role for the COI

The COI should not be the face of Government to the design industry. Government should commit to buying services direct from the private sector, eliminating the civil servant to civil servant transaction culture, allowing departments to manage their own creative expertise.

Design-related activities currently handled by the COI (including strategic consultancy, research and insight, customer experiences, marketing and communications services, branding and events) ought to be removed from the portfolio. COI's value is in proving a net saving on bulk purchase and repeat business.

> '60% of our work is public sector. We've found it can be much more rewarding than working in the private sector'
>
> - A designer, witness to the inquiry

50 Department for Culture, Media and Sport, Creative Britain: New Talents for the New Economy, February 2008
51 HM Treasury, Accelerating the SME Economic Engine: Through transparent, simple and strategic procurement, November 2008
52 OGC, Driving Innovation Through Public Procurement, 2009
53 HM Government, Putting the Frontline First: Smarter Government, December 2009
54 DCSF is experimenting with a potential model: http://prweek.com/channel/PublicSector/article/983180/Department%20for%20Children,%20Schools%20and%20Families%20to%20streamline%20government%20comms/

‘GOVERNMENT TRIES TO CHOOSE DESIGN, WHEN ACTUALLY IT NEEDS TO GET BETTER AT CHOOSING DESIGNERS’

PROCESS

Transforming the procurement process for design and innovation

A single, simplified below-threshold tender approach

Public sector procurement processes are hard for all SMEs. In procuring design and innovation, there is the added unpredictability – and mistrust – of the creative process. So although the word design does describe a vast range of activities, the shared element of 'the creative process' means that in their dealings with public sector, design businesses have a common experience. In short, design agencies suffer much the same problems as other SMEs in negotiating public sector procurement, but often with the added complication of design illiterate clients.

Some typically inefficient practices:

– tender processes that outlive the need they were initiated to meet;
– multiple, subtly different and laborious PQQs and ITTs;
– reams of paperwork;
– un-navigable e-procurement portals;
– more eligible agencies tendering for below-threshold contracts than evaluators have resources to process

Such failings can amount to bid costs that outweigh the contract value, and hundreds of unnecessary man-hours spent on both the supply and demand side. See Case Study, p39, for an account of a typical account of poor practics. Such experiences deter suppliers from competing for work with public sector bodies.

Many of these problems have been targeted by the recommendations of Anne Glover's report for HMT, *Accelerating the SME Economic Engine*, which this inquiry commends. The OGC are currently working on implementation of the recommendations through their Access for All Programme. In relation to Glover's recommendations 1, 2 and 3, concerned with moving all procurement activity online,[55] we urge the OGC to carefully evaluate current e-procurement services, which the inquiry identified as being inadequate and unworkable.

> 'You can answer the question in a very human way: why should anyone invest a lot of time and effort, put themselves under a high level of scrutiny, with a lot of information about their business, for a very low possibility of gain?'
>
> - Witness to the inquiry

55 HM Treasury, Accelerating the SME Economic Engine: Through transparent, simple and strategic procurement, November 2008

In relation to Glover's fifth recommendation, standardizing PQQs,[56] OGC is updating its below threshold PQQ: 'we have developed a draft 'core question' set which includes questions that are universal to all potential providers/ suppliers bidding for public sector contracts (financial, legal status etc) and a draft 'additional questions' set (Health and Safety, equality, environmental etc) where it is at the discretion of the procurer to include questions relevant to their procurement'.

But OGC cannot make best practice mandatory. To take a common example: current guidance (as of April 2008) states that only two years worth of accounts, or other evidence if two years worth is not available, is required. But the inquiry heard evidence that SMEs are commonly asked for 3 yrs worth of accounts as part of completing the PQQ.

A strengthened role for the OGC would clearly be helpful. Government should also pursue awareness-raising activities throughout the public sector of the importance of intelligent procurement – and the existence of a simplified PQQ. To supplement this, the inquiry panel commissioned an independent redesign of the procurement process. A summary of the results is included in the Appendix.

> 'I've yet to use an e-procurement system that comes anywhere near to meeting government guidelines on usability.'
>
> - Witness to the inquiry

Recommendation 8

A single approach for tendering below threshold projects

We recommend the instituting of a single approach for procuring design and innovation below the OJEU threshold. A greater benefit for government would be achieved by applying a single simplified process as recommended in the Glover report. The DBA should work with the OGC on publicising best practice, and developing sector-specific seminars in how to procure and supply (see Recommendation 6: A tailored training programme).

56 HM Treasury, Accelerating the SME Economic Engine: Through transparent, simple and strategic procurement, November 2008

The Internal Process

It is our understanding that overly complex process can inhibit both buyer and supplier, to the extent that both will take measures to sidestep it. In the case of communications procurement, dealing with the COI is often viewed as an additional hindrance, rather than a help. For public sector commissioners, political imperatives demand a quick turnaround on many projects; and expediency sometimes precludes embarking on a lengthy procurement process – practices which are irregular, if not unlawful.

Procurement departments have to meet a wide variety of resource needs – from paper clips to market research to specialist equipment – and cannot be expected to be expert in any individual field. Good communications between commissioner and procurer, and confidence that both partners understand the procurement requirements, therefore help.

The inquiry heard that the ways in which procedures are implemented often depends on individuals – how much patience they have for due process, the relationship between commissioners and procurers, personal expertise. This leads to huge inconsistencies in procurement standards across Whitehall and the wider public sector, which is reflected in the varying experience of suppliers.

Public sector clients should be able to access and commission all marketing, design and creative services directly through new departmentally-managed frameworks. Using OGC best practice and expertise, there is no reason why departments cannot create their own, suitable, frameworks for a full range of suppliers - from large integrated consultancies, to small specialist agencies and expert individuals - to provide fully integrated solutions. One potential, as yet untried, way of accommodating the broadest range of practitioners would be to pilot a rolling roster of new small specialist innovation consultancies.

> ‘most of our clients in the public sector do their level best to avoid getting involved in the procurement system’
>
> - Witness to the inquiry

> ‘Our most successful experiences have been working with people that have bent the rules: ‘flexible interpretation”.
>
> - Witness to the inquiry

CASE STUDY

A TYPICAL EXAMPLE OF POOR PRACTICE

THIS IS A FIRST HAND ACCOUNT FROM A DESIGN AGENCY APPLYING TO BE ON A LOCAL AUTHORITY DESIGN AND MEDIA SERVICES FRAMEWORK

“

53 companies responded to the PQQ. 20 were invited to Tender. 7 were awarded a place on the framework. The value of the work going to the framework was £200,000 per annum.

The procurement process, which unfolded over a 10 month period, was as follows:

– December 2008: Tender published
– 26th Jan 2009: Deadline for the PQQ
– 30th April 2009: ITT published
– 29th June 2009: Deadline for ITT
– 7th October 2009: Final result announced

Once on the framework we would have been required to pitch (for free) for each piece of work that came through. We answered all the questions in the design and media specification and provided creative work and costings for an imaginary job as well as a rate card. It took 3 of us 4 weeks notching up over 160 hours worth of work on the creative.

Rather irritatingly we came 8th.

When we heard we weren’t successful in getting on the framework I, as always, asked for feedback. When I asked how our creative work had been evaluated, the marketing officer, said that they had decided not to evaluate the creative work. When I incredulously asked why, I was told “I know, you should have heard the arguments about it!” In short, they said that it would be considered to be ‘too subjective’. All I could do is listen with my mouth open.

I went to the Local Authority and spoke to the head of contracts and 3 lawyers. They wouldn’t admit anything about not scoring the pitch, but did admit that they had been negligent in dealing with my clarification enquiries. They left the room and, when they returned, offered me 2 options: redo the whole tender process (10 months for everyone) or accept a place on the framework.

I pointed out that to be fair they should re-do the whole process, but that it probably wouldn’t serve anyone’s interest – neither the Local Authority’s, nor all the companies that had gone through the process.

So we accepted a place on the roster.

”

Recommendation 9

A best practice pilot

We recommend the development of a best practice pilot for the procurement of creative services, beginning with a select number of Whitehall departments. Design procurement would be an ideal test-bed for resolving typical difficulties within departments, and evolving some simpler procurement methods. If successful the model could be rolled out across the wider public sector.

> ‘I suspect the communication internally is not eloquent enough in some respects to be able to brief the procurement person as to what they should be trying to achieve’
>
> - Witness to the inquiry

Clearer messaging

Government is already trying to improve procurement and working to engage with SMEs. BIS has recently launched a free online procurement course, *Winning the Contract*, which is a commendable improvement for suppliers trying to work with the public sector. The OGC has also recenty published new guidance for procurers on its website: *'Flagging Your Contracts to SMEs'*.

However the inquiry identified confusion – from both buyers and suppliers – over excessive and conflicting sources of information on procurement in general, contrasted with an absence of quality guidance in the specific arena of procuring creativity.

Current sources of advice include the OGC, BIS, the Design Council, GPS and CIPS. The inquiry believes, and OGC recognizes, that there is a need for a clear and strong pan-government voice on procurement, as well as improved guidance on procuring design and innovation, to make life simpler for both suppliers and buyers.

In the long term, Government could consider passing some gatekeeping responsibilities to trade bodies. The DBA is about to launch its approved list of suppliers, the DBA Design Directory, which will enable buyers to fast-track to the best (procurement-ready) consultancies for the job.

Recommendation 10

An information and advisory service

We recommend the establishment of a two-way service providing clear guidance, to direct procurement managers to advice on best practice (promoting tools such as Forward Commitment Procurement, encouraging conversations with suppliers, actively discouraging practices such as free-pitching) and to help design agencies understand the road to winning government work. The service would point buyers to a source of procurement-ready suppliers ando co-ordinate with existing procurement services/frameworks such as 'Buying Solutions', which could be strengthened and broadened in line with current business simplification practice.

CASE STUDY

DESIGN BUGS OUT: EFFICIENCY ACHIEVED THROUGH A NEW APPROACH TO PROCUREMENT

An alternative approach to procuring design has been pioneered by the Design Council in partnership with the Department of Health and the NHS Purchasing & Supply Agency, in order to find new solutions to the problem of controlling healthcare associated infections (HCAIs).

The cost of HCAIs is both human and financial. They account for over 5000 deaths per annum. In 2007, 50,000 C.Difficile infections added an average of 3 - 10 days to patients' stays, with associated costs of £4000 - £10,000 per annum. Unsurprisingly, the NHS and Department of Health are keen to find ways of minimizing this daily risk.

As an initial, pre-procurement step, before any brief or specification was determined, an expert panel was appointed. The panel – which included international experts in patient care, cross infection control, furniture manufacture, and microbiology – acted as specialist advisors to the procurement team. They conducted research in a number of NHS hospitals to investigate the key issues, identify current design flaws and hear concerns of staff, patients, cleaners and other stakeholders.

These insights were then fed into ten design briefs. The initiative became an open innovation challenge to the UK's design and manufacturing community, to design and prototype new furniture, equipment or services for hospital wards to help reduce HCAIs. The design briefs were awarded to teams from the Royal College of Art and four industry teams, consisting of a design consultancy and manufacturer, identified via a national competition.

The resulting new designs, in the form of fully working prototypes, have now been showcased to healthcare staff, patients and the general public at key healthcare conferences and events around the country. Almost every prototype is now making its way to the market.

All of the products were designed to match existing incumbent unit costs, and whilst there has been no clinical trials or fatigue testing to date, it is predicted that the Design Bugs Out products should have a positive effect upon both capital and operational cost, and the reduction of HCAIs. Intellectual Property was retained by the Department of Health for the concepts developed by the RCA, but retained by the industry teams allowing them to invest and commercially exploit their inventions. Evaluation methods to record the designs' impact are currently being considered by the Department of Health

CONCLUSION

In researching, writing and consulting on this report, we have continually encountered an issue of perception, related to one of language, around the term 'design'. This is best characterised as a limited understanding and lack of clarity about the role, capabilities and purpose of design; and a reduction of its meaning to non-essential aesthetics.

In fact, the strategic use of design can effect much-needed improvement in public services, can change behaviour without adding to legislation or expenditure, can better match provision with need and can benefit the citizen.

The misconception is as much a challenge in the country at large, as it is within the public sector, and it is not the remit of this report. But given the huge potential for design to influence quality of product and delivery, we believe this misunderstanding constitutes a serious flaw for the public service industries.

In the face of severely reduced budgets and increased demand, politicians, policymakers and public sector managers are casting about for the magic solution, the better way of doing things. Design can help. The critical question is how to unlock this potential for the public sector. In tackling the procurement landscape we hope we have gone some way to providing answers.

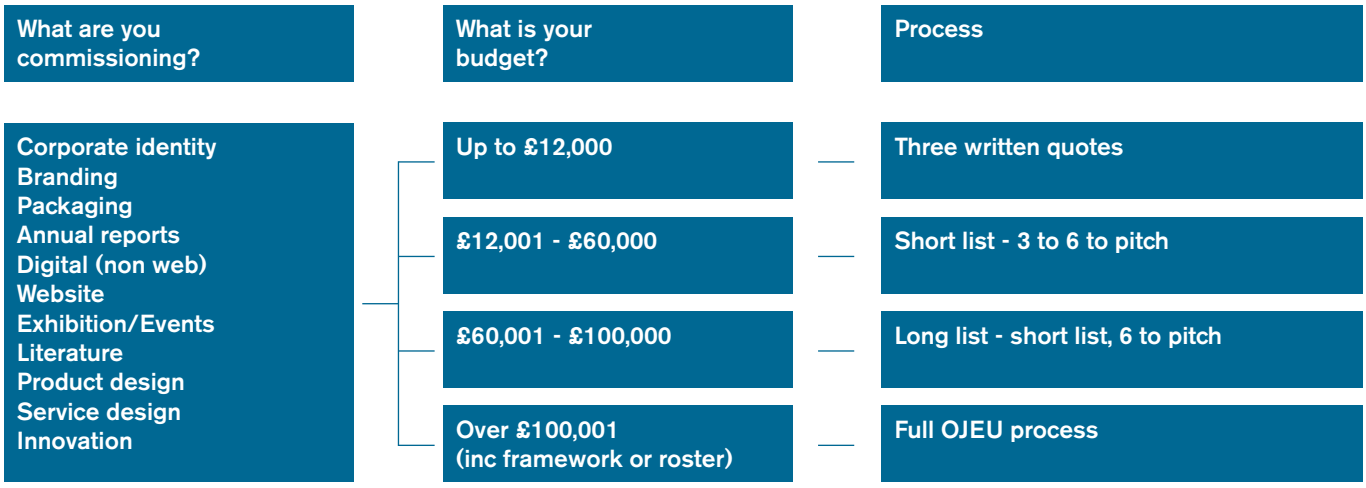
This report calls for more than lip service from Government in support of our creative industries: for an authentic commitment to understanding and deploying design effectively, for the benefit of all.

> 'There's a confusion in this country between designers as artists and … as people who are agents of change in organisations'
>
> - Witness to the inquiry

APPENDIX

A possible prototype

Public Sector Design Buying Process - Initial Decision Tree



(DBA)

What are you commissioning?

This box covers the type of service that the buyer is looking to commission. The reason for breaking it down to this level is based on the briefing format required. Typically the brief for an annual report document or literature will be different from a branding project or an exhibition stand. A briefing template will be developed for each service that reflects the information needed by the designer to start thinking about the project and will enable them to either prepare a proposal or come prepared to a meeting or pitch.

What is your budget?

This is a recommendation based on typical project values. The purpose here is to better reflect the value of the project against the time it takes to develop a response. This will work for both the commissioner as well as the agency.

Process

The processes reflect the time required to procure a satisfactory result based on the value of the project and the needs of a commissioning client. This will ensure that they both have an audit trail in place as well as not losing possible development time for the project by having to spend a larger proportion of the delivery time-frame selecting a suitable agency.

Each process is explained further in a longer document which will be available on the DBA website following a consultation period (with the exception of the full OJEU process which is already documented elsewhere). These have been prepared for discussion and at this stage do not necessarily represent a final recommendation. It is expected that there will be some discussion, especially when it comes to different services and the way each agency in that sector runs a project.

Definition of terms

(As defined in the Cox Review)

Creativity

The generation of new ideas – either new ways of looking at existing problems, or of seeing new opportunities, perhaps by exploiting emerging technologies or changes in markets.

Design

Links creativity and innovation. It shapes ideas to become practical and attractive propositions for users or customers. Design may be described as creativity deployed to a specific end.

Innovation

The successful exploitation of new ideas. It is the process that carries them through to new products, new services, new ways of running the business or even new ways of doing business.

Dedication

We would like to dedicate this report to Alan Bird, an exhibition designer and the inspiration for this piece of work.

As the owner of a small business, Alan was overcome by procurement processes that made it almost impossible for him to trade with the public sector despite a successful track record spanning 20 years. It would make a fitting legacy to Alan if the future for other designers could be improved so that design and Government could work hand in hand.

Panel Members

Baroness Janet Whitaker, House of Lords (co-chair)
Baroness Estelle Morris, House of Lords (co-chair)
Deborah Dawton, Chief Executive, Design Business Association
Julian Grice, CEO, The Team
Laura Haynes, Chair, Appetite
David Godber, Deputy Chief Executive, Design Council

Inquiry Witnesses

Andy Norman	Brand and Design Manager, OGC
Andrew Prince	Director of Publications, Central Office of Information
Colum Lowe	former Head of Design and Human Factors at the National Patient Safety Agency
Duncan Eaton	Non-Executive Director, BIP Solutions
Emily Thomas	Design Council Policy Advisor
Gus Desbarats	Chair, The Alloy
Jan Casey	Independent Design Consultant
Jill Mortimer	Lead Analyst for Horizon Scanning, LGA
Jim Dawton	DesignIt London
Julia Schaeper	Service Designer and Associate, NHS Institute for Innovation and Improvement
Kasper de Graaf	Chair, AIG
Kate Blandford	Kate Blandford Consulting
Nigel Keohane	Senior Researcher, New Local Government Network
Peggy Connor	Business Director, AAR Group
Phil Dean	Thompson Brand Partners
Richard Slade	Graphic Designer, Communications and Marketing Team, HMRC
Robert Hardman	Procurement Category Manager, OGC
Sean O'Halloran	Hoop Associates
Simon May	Independent Design Consultant
Stian Westlake	Executive Director of Policy and Research, NESTA

Written submissions

OGC
CABE
Design Council
South West Design Forum
DBA Members

All pull-out quotes in this report are taken from the inquiry transcripts/witnesses to the inquiry.

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ASSOCIATE PARLIAMENTARY DESIGN & INNOVATION GROUP

The APDIG is the leading advocate for design and innovation in Parliament, established in 1994 by a group of MPs and Peers, led by Barry Sheerman MP.

Our projects, activities and research bring together Parliamentarians, representatives from the design sector and innovation industries, as well as academics, civil servants and policy makers. We are a trusted and reliable source of information for Parliamentarians and industry members.

The APDIG's mission is to communicate within Parliament the enormous potential value of design, innovation and the creative industries for both the public and private sector - and society at large. We promote exchange and understanding, to enable Parliamentarians to enhance their knowledge of the issues and priorities for the design and innovation sectors.

The remit of the APDIG is very broad and the group presides over a diverse range of activities. Our work varies according to the needs of our parliamentary members and our programme is continually evolving.

As an All Party Parliamentary Group we facilitate discussion in a neutral and trusted environment, where our Parliamentary members can meet the experts they need to keep up to date with developments and leading edge practice in design and innovation.

DBA

The Design Business Association is the trade association for the design industry in the UK. We promote professional excellence, productive partnerships between commerce and the design industry and champion effective design which improves the quality of people's lives.

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