

Challenges and opportunities for UK procurement during and after the COVID-19 crisis

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Agenda

This session will explore the many ways in which the procurement landscape is changing, in the UK and beyond, including

- **reaction to the COVID-19 crisis** through ‘procurement deactivation’ as well as challenges in ‘reactivating’ it
- **regulatory aspects of any post-Brexit reform of procurement**, including efforts to use **procurement to achieve societal goals**
- **non-regulatory and technological developments** that could support procurement **sustainability**, in particular in the context of **climate emergency**



Procurement challenges during the COVID-19 crisis

COVID-19 and procurement deactivation

Guidance has been clear, both EU & UK level

- UK Cabinet Office PPN 01/20 - Responding to COVID-19 (18 Mar 2020; see [here](#))
- European Commission – Guidance on using the public procurement framework in the emergency situation related to the COVID-19 crisis (1 Apr 2020; see [here](#))



Is this only for PPE, ventilators and other critical supplies?

I would say no, for two reasons

- Disruption of existing supply chains likely and reaction to that disruption may itself require extremely urgent procurement
- Sudden assumption of new roles/functions may also require extremely urgent procurement (eg to repurpose labs)



COVID-19 procurement and supply chain management

Additional Cabinet Office guidance

- PPN 02/20 – Supplier relief due to COVID-19
- PPN 03/20 – Use of procurement cards - COVID-19

By and large, these notices instruct public buyers on how to use existing arrangements to provide financial support to the supply chain to ensure service continuity during and after the crisis

There are some issues concerning budgeting for that expenditure

What could go wrong?

Where to start?

Emerging evidence of mishandling of strategic procurement decisions (PPE, ventilators) within the broader context of a slow reaction to the pandemic will require a post-crisis public inquiry

Particularly troubling use of 'ventilator challenge' as an industrial policy event



Post COVID-19 procurement reactivation

Of course, procurement rules continue to apply 'as normal' in a large number of situations

Where they have been deactivated, it will be necessary to phase them in as soon as possible, once the situation stabilises (is this the mirror image of easing up on the lockdown measures?)

It will be very important to try to learn from the 'no rules' procurement approaches to see how much can be retained under the rules (especially market engagement / consultations)

Procurement opportunities after the COVID-19 crisis

Reimagining post-Brexit procurement rules (?)

Cabinet Office is [working on it](#)

Prof Arrowsmith published Part 1 of a [working paper](#) with her proposals / input

There seems to be some noise about 'deregulation' (rectius, offloading regulation to more guidance documents) and reduction in access to remedies/recoverability of costs

Issue of 'social value' to be revisited

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Why do we need procurement reform?

I think the cost and disruption of yet another reform of the legal/regulatory framework are underestimated

It is unclear to me that flexibility in the framework is maximized

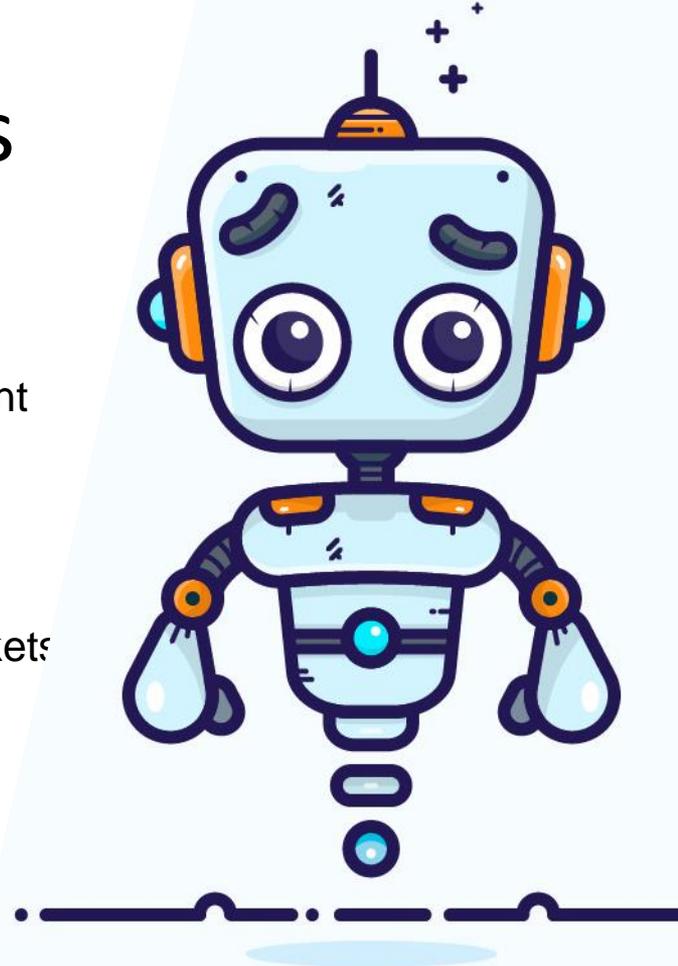
Issue of remedies also problematic, as there is already very limited access to procurement challenges in the UK



Would digital tech not take us a long way instead?

There is an opportunity to push for a transition to procurement enhanced by big data analytics and some applications of machine learning

Keeping a stable regulatory framework can help and alignment with EU rules too (scale, innovation markets etc)



Sustainable digital procurement

The combined strategic goal / ideal would be to harness the potential of digital technologies to promote (more) sustainable procurement

This is a difficult exercise, surrounded by uncertainty, so the rest of this presentation is all speculation



Short functional overview of DTs

AI is particularly apt for the massive processing of data (big data), as well as for the implementation of data-based ML solutions and the automation of some tasks (robotic process automation, RPA)

Blockchain is apt for the implementation of tamper-resistant/evident decentralised data management

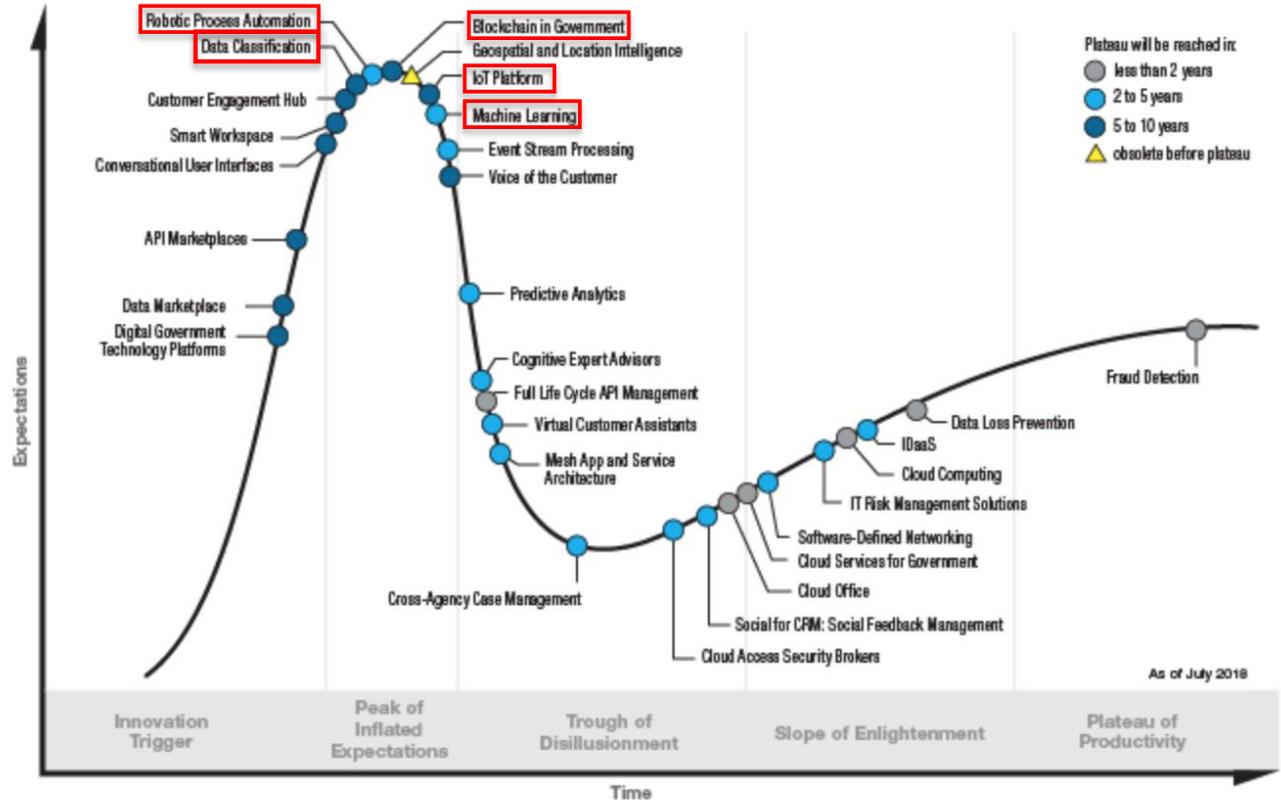
IoT is apt to automate the generation of some data and (could be?) apt to breach the virtual/real frontier through oracle-enabled robotics

When?

RPA and ML:
by 2020 – 2023

Data
classification, IoT
and Blockchain:
by 2023 – 2028

Hype Cycle for Digital Government Technology, 2018



© [Gartner](https://www.gartner.com), Aug 2018.

Data as the priority

No data, no fun – as recognised by Commission in its push for more, better data

Difficulties in the generation of data

Initiatives to correct it for the future ([OCDS](#), [eForms](#), eGovernment APIs, [Open Data Directive](#), [B2G data sharing](#))

More needs to be done to generate [backward-looking databases](#)



What can AI do for SPP?

If/when data is available, there is scope for

- Sustainability-oriented (big) data analytics
- Development of sustainability screens/indexes
- ML-supported data analysis with sustainability goals
- Sustainability-oriented procurement planning

What can AI do for SPP?

Where clear rules/policies are specified, there is scope for

- Compliance automation
- Recommender/expert systems
- Chatbot-enabled guidance

Could AI ever generate new sustainability policies?

Blockchain...

what blockchain?

There are several different possible configurations of DLTs/blockchains

– eg ([Rauchs et al, 2019](#))

Public sector extremely unlikely to opt for public & permissionless, at least not without an additional layer

Table 2. Blockchain archetypes

Blockchain type	Explanation	Example	Visualization
<i>Public permissionless blockchains</i>	In these blockchain systems, everybody can participate in the consensus mechanism of the blockchain. Also, everyone in the world with a connection to the internet is able to transact and see the full transaction log.	Bitcoin, Litecoin, Ethereum	
<i>Public permissioned blockchains</i>	These blockchain systems allow everyone with a connection to the internet to transact and see the transaction log of the blockchain, but only a restricted amount of nodes can participate in the consensus mechanism.	Ripple, private versions of Ethereum	
<i>Private permissioned blockchains</i>	These blockchain systems restrict both the ability to transact and view the transaction log to only the participating nodes in the system, and the architect or owner of the blockchain system is able to determine who can participate in the blockchain system and which node can participate in the consensus mechanism.	Rubix, Hyperledger	
<i>Private permissionless blockchains</i>	These blockchain systems are restricted in who can transact and see the transaction log, but the consensus mechanism is open to anyone.	(Partially) Exonum	

([Alessie et al, 2019](#))

What about blockchain?

Sustainable blockchain solutions (ie private & permissioned, PoS) likely to present very limited advantages for procurement

Technical solution cannot fix complexity, eg

- Tenders on a blockchain
- Smart (public) contracts
- Blockchain as an information exchange platform



Sustainable DT procurement: an afterthought?

There are emerging guidelines on procurement of some DTs, such as AI ([UK, 2019](#)) ([WEF, 2019](#))

These are extremely technology-centric

Sustainability considerations may require eg an earlier analysis of whether the life-cycle of existing solutions warrants replacement

Pursuing technological development for its own sake can have significant environmental impacts that must be assessed



Universities' role

An increasing number have declared a climate emergency

It is important not only to lead by example, but also because the disruption created by the COVID-19 crisis has created an opportunity to take drastic measures that could have been unthinkable 6 months ago

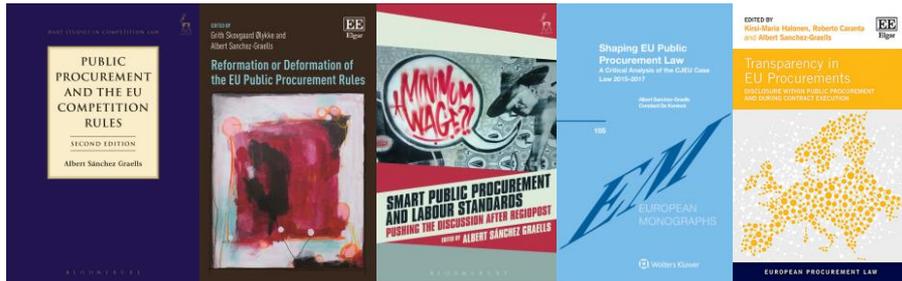


Thank you for your attention & stay in touch

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