

# Public Services News - August 2013

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## Comprehensive Spending Review 2013

In the Spending Review of 26<sup>th</sup> June 2013, the Chancellor George Osborne MP unveiled a regime of new welfare measures, including a seven-day wait before unemployed people can claim benefits, as he identified an extra £11.5billion in spending cuts for the first year after the 2015 general election.

The chancellor said the changes would save £350million in the year 2015/16, helping to ensure that Britain ‘*lives within its means*’ as the economy recovers from its worst downturn in three quarters of a century. George Osborne told MPs in his statement that:

*“While recovery from such a deep recession can never be straightforward, Britain is moving out of intensive care, and from rescue to recovery.”*

The Chancellor announced in his budget in March that he would cut current spending by £11.5billion, or 8.5%, for 2015/16 after admitting that he would not meet his target of ensuring debt falls as a proportion of GDP until 2017/18. The continuing austerity will lead to the loss of automatic pay rises for civil servants, the effective abolition, by introducing a temperature test, of winter fuel payments for British pensioners living abroad, and cuts across Whitehall that will see the Communities and Local Government department's current spending budget cut by 10%. The chancellor told MPs that:

*“The damage from our banking crisis is worse than anyone feared. We have to deal with the world as it is, not as we wish it to be. So this country has to continue to make savings.”*

The Chancellor tried to show that the coalition is committed to promoting growth when he said that Danny Alexander, his Liberal Democrat deputy, would unveil £100billion in infrastructure projects on 27<sup>th</sup> June 2013.

George Osborne was forced to postpone further welfare cuts last year after the Liberal Democrats rejected further measures. But the chancellor has managed to squeeze a further £350million in cuts to benefits after toughening the rules for jobseekers.

There will be a new seven-day wait before people can claim benefits. *'Those first few days should be spent looking for work, not looking to sign on'*, Osborne said.

Under the changes, half of all jobseekers will have to attend their local jobcentre every week rather than once a fortnight. Benefit claimants who cannot speak English will lose their benefits if they refuse to attend a language course. The chancellor said:

*"If you're not prepared to learn English, your benefits will be cut. Taken together, this new contract with people on benefits will save over £350million a year, and all that money will enable us to afford extra support to help people get into work."*

George Osborne called the Labour Party *'the welfare party'*. He sought to portray them as both profligate, for opposing most of the welfare cuts introduced in recent years, and mean, as he raised questions about Labour's commitment to the basic state pension.

As he proposed in the budget, the Chancellor announced that a cap would be introduced from April 2015 on Annually Managed Expenditure (the parts of spending that are not cash-limited). This will mean that housing benefit, tax credits, disability benefits and pensioner benefits will be included in the cap. But Osborne made clear that the state pension would be exempt, drawing a distinction with Labour that recently announced that it would be included in its cap. He said:

*"I have had representations that we should include the basic state pension in the welfare cap. That would mean that a future government could offset a rise in working-age benefits by cutting the pensions of older people."*

*"That penalises those who have worked hard all their lives. Cutting pensions to pay for working-age benefits is a choice this government is certainly not prepared to make. It is unfair. We won't do it. And we reject those representations."*

For Labour, Ed Balls MP insisted that Labour remained committed to the so-called triple lock, according to which the state pension would rise in line with average United Kingdom earnings, the rise in the Consumer Prices Index or a standard rise of 2.5%, whichever of those three is the highest.

But there was some common ground with Labour, which recently said it would withdraw winter fuel allowance for the rich: Osborne said the allowance would effectively be withdrawn from Britons living in warm climates abroad. The chancellor, who said it is impossible under European Union law to cut the allowance for those living in the European economic area, said:

*"From the autumn of 2015, we will link the winter fuel payment to a temperature test. People in hot countries will no longer get it. It is, after all, a payment for winter fuel."*

The Chancellor confirmed that the schools, health and overseas aid budget would be protected. He said £3billion would be spent by 2015/16 to ensure that the National Health Service and local authorities worked together to improve the provision of social care. George Osborne, who predicted the changes would save £1billion, said:

*"Let's stop the tragedy of people being dropped in Accident & Emergency on a Friday night to spend the weekend in hospital because we can't look after them properly in social care. By 2015/16, over £3billion will be spent on services that are commissioned jointly and seamlessly by the local National Health Service and local councils working together."*

*"It's a huge and historic commitment of resources to social care, tied to real reform on the ground, to help end the scandal of older people trapped in hospitals because they cannot get a social-care bed."*

The education budget increases from £52.8billion in 2014/15 to £53.2billion in 2015/16, allowing for 180 new free schools to be created in that year. The schools funding system in England will also be reformed to ensure it was distributed 'more equally'.

AWICS has published a briefing paper on the Comprehensive Spending Review of June 2013 that can be freely downloaded from: <http://www.awics.co.uk/bpspendreview.asp>

We are also holding a seminar on 'Value for Money and Procurement in Local Government and Housing' in London on 17<sup>th</sup> September 2013. This will look at these issues in the light of the recent comprehensive spending review. Details are available on our website at: [http://www.awics.co.uk/performance\\_management\\_seminar.asp](http://www.awics.co.uk/performance_management_seminar.asp)

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### **Infrastructure Statement 2013**

The government's statement on infrastructure investment was made by Danny Alexander MP, the Chief Secretary to the Treasury, on Friday 27<sup>th</sup> June 2013.

In the Spending Review of 2013, George Osborne offset £11.5billion worth of cuts with a major sweetener of £100billion of infrastructure investment.

The details of the infrastructure investment were given in a statement by Chief Secretary to the Treasury Danny Alexander. Mr Alexander announced that the government was putting 'long term priorities before short term political pressures', he unveiled grand spending plans for Britain's railways, roads, communications and energy infrastructure, and affordable homes. However, as both the Labour frontbench and the British Chambers of Commerce have said, these are long-term priorities with the emphasis on *long*.

Details of the government's plans are included in their document 'Investing in Britain's Future' that was also released on 27<sup>th</sup> June 2013.

Half of the £100billion announced is for projects beginning in 2015/16, with the rest for the years up to 2020/21. There are many uncertainties to consider in this time period, including the state of Britain's economy, which party or parties will be in government post-2015, whether the United Kingdom will still be in the European Union and even whether there will still be a United Kingdom. We also do not know exactly where the sources of state funding will come from in the future; it is difficult to see the Treasury giving up its fuel duty revenues any time soon. It would therefore be imprudent to read Danny Alexander's statement as a prophetic vision of things to come.

Long-term changes to our society, economy and environment all require us to think radically about what local services look like including housing and the infrastructure within our communities. But to do this to their full potential, councils need equally radical autonomy on how they spend (and indeed raise) money. This Spending Review did not deliver that and the changes to housing and the infrastructure of the country may only be token gestures when the long term future looks bleak.

This briefing paper summarises and analyses the announcement, its implications for housing and local government and reactions to it

We have published a briefing paper on the statement that can be freely downloaded from: <http://www.awics.co.uk/infrastructure.asp>

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### **Disabled access at Penrith railway station at the centre of a parliamentary debate.**

Penrith and the Border MP Rory Stewart hosted a parliamentary debate on 3<sup>rd</sup> July 2013 to discuss the issue of disabled access at Penrith rail station and generally, and has pledged to make his battle for improved access at Penrith station a key focus.

First Group had promised to install a lift on the northbound platform of the busy train station, after the company successfully bid for the West Coast Main Line franchise. However, the agreement collapsed after the Government admitted the tender process had been flawed.

Mr Stewart has continued in recent times to highlight the issue and says he has received 'encouraging' undertakings from ministers and officials, but insists they are 'not strong enough'.

The debate focused on the need for a lift at Penrith as well as highlighting the long-term importance of standardising access across the United Kingdom's stations. Rory Stewart said:

*"Having pushed for this debate for some time, I am delighted that we will now have this important opportunity to push for a lift at Penrith station, which is long overdue. Penrith is gateway to the North Lakes and it is inconceivable that we are still expecting our residents and visitors with special needs to use the outdated barrow crossing. I look forward to debating the issue further... and encourage visitors or residents with personal stories of the station and lack of access to contact my office so that I can use their experience in the debate.*

*"What Penrith needs and would dearly love is a footbridge, with a lift either side, that allows safe and easy access to the northbound platform. It is already an extraordinary achievement that you can get from London to Penrith in three hours and fifteen minutes, and this has had a huge transformation on our economy – for tourism, for small businesses, for connecting Penrith to the rest of the country and abroad.*

*"We are still being held back, however, by what would probably be a relatively small investment of a few hundred thousand pounds, to make Penrith properly accessible."*

The debate and controversy surrounding the disabled access at Penrith rail station has led to AWICS' Company Secretary Elaine Waite being consulted by the MP and various journalists as a regular disabled user of the station while on business trips to London and the rest of the United Kingdom.



During the debate it emerged that this issue has cross-party support. Rory Stewart said:

*“Disabled access matters enormously. The number of disabled people using trains has risen by 58% over the past five years – that equates to 72 million rail journeys by disabled people in 2012. Not only the disabled at Penrith are affected but the elderly, those with pushchairs, even tourists, who have to negotiate 45 steps with a 35kg suitcase.*

*“But it remains challenging to make the necessary improvements in many smaller, more rural train stations, like Penrith. The Government tends to focus on footfall when deciding where to prioritise access funding and misses a lot of detail in so doing. It misses the fact that a remote, rural station already likely suffers from issues of poor public transport provision. It misses issues of demographics – the fact that constituencies like my own have significant ageing populations.”*

The government has an ‘Access for All’ scheme that funds disabled access at railway stations but it is not sufficient to fund all works that are required. However, following the debate ministers stated that they may consider re-visiting the criteria that are used to allocate funds in a way that would increase the priority that would be given to Penrith station. Norman Baker, Minister for Transport stated that:

*“Penrith station is a strong candidate for upgrading. It has come very close in the past to being nominated for Access for All and I am aware that it is one of very few stations on the west coast main line without proper access.*

*“I expect the nomination process to be completed by the end of the year; and we should be in a position to announce successful stations by April 2014. It is an important link in the chain of National Express coaches, and to bus services to other parts of Cumbria. We have a huge task of opening up the full railway network to disabled passengers – which is, of course, what we want to do.”*

However, this issue is part of a broader issue of disabled rights. Writing in the ‘Cumberland & Westmorland Herald’ Rory Stewart developed this point as follows:

*“If you are looking for a distinctive British contribution to the world since the Second World War, you could do a lot worse than look at disabled rights. In 1970 the Labour MP Alf Morris, introduced the first disability legislation in the world. In 1974 he became the first minister for the disabled. In 1995 the Conservative government introduced the first disability discrimination legislation and it was a Lib-Dem and Conservative coalition that brought in the equalities legislation.*

*“The fact that Britain was the first society in the world to take disabled rights so seriously reflects not just the fact that we had the resources to do so, but also two moral insights: First, we recognised that disabled people make an immense contribution to our society, which we wished to celebrate, support and encourage. Secondly, we took their equality seriously, and felt that disabled people deserved equal dignity and respect.”*

*“(I hope that) millions of people who visit the Lakes every year will step off that train onto Penrith station and see a brand new lift, not just as an article of public convenience but as a symbol of all that Britain has done, uniquely for the disabled.”*

At 'AWICS' we took a keen interest because we make a lot of use of the railway – for example to travel to London to present our various seminars. However, our member of staff who acts as administrator and receptionist at our seminars, is disabled with arthritis. Our nearest mainline railway station is Penrith but it is impossible for disabled people to get to or from the northbound platform because access is via an underpass with many steps and damp and uneven surfaces. Consequently, we are not able to use Penrith station but have to make a 75 mile round trip to Carlisle where there is disabled access. It is a disgrace that the railway industry is not obliged to provide disabled access at all stations – especially those on the mainline. We have given interviews to BBC Radio Cumbria and ITV Border about the problem. Rory Stewart is arguing for a footbridge with lifts and I hope, for the sake of all disabled people in the Penrith area, that he is successful.

It could be argued, though, that it should be a condition of the railway franchises that the railway companies provide adequate disabled facilities at stations at their expense; rather than disabled people having to rely on a stretched public subsidy. After all, disabled people pay for their tickets along with other rail users and should be entitled to find stations and trains accessible.

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## **Personal Independence Payments**

Personal Independence Payments (PIPs) are a new welfare benefit in the United Kingdom that is available to help with costs caused by a health condition or disability. It is non-means-tested, non-contributory, and can be paid whether the recipient is employed or not. Personal Independence Payments are based on the effects of a condition on a person rather than the condition itself.

The government say that they are committed to supporting disabled people to lead independent and active lives. The government has started to replace Disability Living Allowance (DLA) for eligible people aged sixteen to 64 with Personal Independence Payments. This began on 8th April 2013.

Personal Independence Payments help towards some of the extra costs arising from a long term ill-health condition or disability and is based on how a person's condition affects them, not the condition they have. It is not means-tested or subject to tax and it is payable to people who are both in and out of work.

The government say that they have run a number of consultations to help to develop Personal Independence Payments. This included a further consultation on the mobility component of Personal Independence Payments from 24th June to 5th August, to give everyone the opportunity to contribute their views.

What the change means:

- It involves a more objective assessment, with a face-to-face consultation with an independent health professional for most people; and
- It includes regular reviews so that individuals continue to get the right support

There are no plans to replace the Disabled Living Allowance for children under sixteen or for Disabled Living Allowance recipients who were aged 65 and over on 8th April 2013.

Personal Independence Payments are based on an assessment of individual need. It will not consider what impairment an individual has, labelling them simply on this basis. Instead it will consider how their impairment affects their life, considering their ability to carry out a range of everyday activities.

However, the United Kingdom disability rights organisation 'Scope' has been critical of Personal Independence Payments and, while it expressed support in principle for assessing claimants more carefully, took the view that the assessment criteria were flawed, would cause undue hardship to disabled people and were too strongly focused on cutting welfare budgets. Scope says 600,000 people will eventually lose their financial support.

AWICS will hold a seminar on 'Welfare Reform: The Implications for Local Government and Housing' in London on 9<sup>th</sup> October 2013.

This seminar will look in detail at the Government's controversial welfare reforms and their implications for claimants, social landlords, local authorities and the public finances in all the nations of the United Kingdom.

The seminar comes at a critical time with the government in the process of implementing the welfare reforms that are contained in the Welfare Reform Act of 2012. Many of the reforms are to be introduced in April 2013 including the benefits cap, under-occupation penalty, the localisation of council tax support, personal independence payments and the universal credit pilots. In October 2013, Universal Credit will start to be rolled out for new claimants.

For details or to make a booking please visit <http://www.awics.co.uk/welfareseminar.asp>

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### **CIPFA students sit their exams**

Almost 300 students from 47 countries took their exams in July for CIPFA's Professional Qualification in International Public Financial Management. The qualification allows students from across the world to achieve chartered public finance accountant status.

The CIPFA accountancy qualification is the first in the world to be based on International Public Sector Accounting Standards (IPSAS). These international standards promoted by the International Federation of Accountants (IFAC) are designed to improve government transparency and accountability, allowing for greater comparability between countries and public sector bodies.

CIPFA is also working with established and experience training providers who have become Accredited Training Partners (ATPs) for CIPFA's suite of international public financial management courses and other courses relevant to the international market.

Earlier this year CIPFA announced it is working with the United Nations Development Programme (UNDP) to train up to 500 of their staff. The online courses provided in partnership with Kaplan have been training the first 150 UNDP staff members who are part of this initial CIPFA international examination cohort.

CIPFA's International Director, Alan Edwards, commented:

*"CIPFA is now offering a truly global qualification. From Papua New Guinea to Bolivia via Kabul, Gaza, South Sudan and 42 other locations CIPFA students have been taking exams - in every time zone around the world apart from Hawaii!"*

AWICS' Managing Director Adrian Waite is an official CIPFA examiner in this round of exams. The next sitting will be in December 2013 and he is currently in the process of preparing the exam questions in management accounting.

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## ADVERTISEMENT



### **National Housing Federation Leaseholder and Tenant Service Charges Conference**

4th September 2013, America Square Conference Centre, London.

This conference looks at the strategic issues around service charges, from development and how to design out service charges to collection across leasehold properties and tenancy management. It will also focus on sharing best practice among housing associations, ensuring the sector tackles the issues that are raised by benefit reform and the changing legal environment.

Attend specialist sessions that will cover both leasehold and tenant issues around service charges. Specific case studies will give you an insight into how to benchmark with other landlords. Gain an insight into which Information Technology systems cope best with supporting diversity within your organisation and how you can maximise building design to keep service charges down.

Speakers include:

- Adrian Waite, Managing Director of AWICS and Chair of Impact Housing Association
- Jonathan Cox, Partner, Anthony Collins Solicitors
- Georgina Beard, Senior Service Charge Consultant, Opus
- Adrian Shaw, Group Head of Leasehold Management, Circle Living

The National Housing Federation is also running a half day introductory workshop on Tuesday 3rd September 2013.

Adrian Waite will look at the strategic issues around service charges, from development and how to design out service charges to collection across leasehold properties and tenancy management. It will also focus on sharing best practice among housing associations, ensuring the sector tackles the issues that are raised by benefit reform and the changing legal environment.

The key benefits of attending include:

- Attending specialist sessions covering both leasehold and tenant issues around service charges
- Discovering how to provide value for money by delivering the most effective service for tenants, residents and customers
- Sharing best practice in consultation, communication, collection, standards and engagement
- Understanding how to future proof your systems to be able to deal with housing benefit changes and Universal Credit
- Exploring how you can make living in your properties more affordable whilst maintaining financial viability
- Master managing third party agents and share best practice in this area of work.

To download a programme for the conference and workshop go to <http://www.housing.org.uk/events/browse/leaseholder-and-tenant-service-charges-conference>

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## **Eleven enterprise zones will benefit from a £150 million boost from the government to create local jobs and secure growth across England.**

Eleven enterprise zones will benefit from a £150million boost from the government to create local jobs and secure growth across the country, Local Growth Minister Mark Prisk has announced.

The fourth round of the Regional Growth Fund will help companies in enterprise zones expand their operations, creating new private sector jobs and economic growth. This means enterprise zones and the local enterprise partnerships that support them will benefit from just under £800 million of government investment which has been already matched by almost £230 million of private sector investment, with many more on the pipeline.

Local Growth Minister Mark Prisk said:

*"This is more good news for enterprise zones. They are already having a positive impact in the economy, having created 3,000 jobs and attracted £230 million in private sector investment since their standing start 1 year ago.*

*"Their significant tax incentives, simplified planning and super fast broadband are making the country a great place to do business and rebalancing the economy by creating new local jobs and business ventures.*

*"Today's extra investment will give our enterprise zones another boost towards delivering strong and lasting growth so we can compete in the global economy.*

*"Today's announcement is just one of range of steps the government has taken to rebalance the economy and support local businesses looking to grow and create jobs.*

*"This government has reformed the way councils are funded by establishing 39 local enterprise partnerships that along with enterprise zones are able to access the billions of government investment to support their local economy, including the £3.2 billion Regional Growth Fund."*

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## **CIPFA have announced the appointment of Rob Whiteman as its new Chief Executive.**

Rob Whiteman is currently working as Director General, Operational Systems Transformation at the Home Office, having joined as Chief Executive of the UK Border Agency in September 2011, where he oversaw the Agency's annual £1.6bn budget and 24,000 staff, delivering improvements in many of the Agency's responsibilities over that time. Announcing the appointment, CIPFA's President Sir Tony Redmond said

*"We're delighted to be appointing Rob to the post of CIPFA's Chief Executive. He will be joining us at a pivotal time for the organisation - as our members wrestle with the impact of austerity on UK public services and we continue our work around the world with a range of partners to improve global public financial management.*

*Rob's outstanding record and energy in delivering change and innovation across public services and his commitment to improvement in the sector speak for themselves. We are confident we will be seeing CIPFA's influence and operations go from strength to strength under his leadership."*

Home Secretary, Theresa May, commented

*"I would like to thank Rob for all his hard work over the last 18 months in leading UKBA through its many changes as it transformed from an Agency to part of the core Home Office. He leaves with my very best wishes for the future and I am sure he will be a great success in his important new role at CIPFA."*

Sir Bob Kerslake, Head of the Civil Service, added

*"Rob will bring tremendous experience and energy to CIPFA at this key time for public services. He has a strong track record of organisational leadership and I am sure will successfully focus the institute on the fiscal challenge in the UK whilst also furthering its high reputation overseas."*

Rob Whiteman will be taking over as Chief Executive from Steve Freer who steps down from the role in September.

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### **Youth schemes are 'failing'**

Young people struggling to find work are being failed by nationally-run job schemes designed to help them, the Local Government Association has claimed. And – just as it did recently on the subject of house building – the body has called on the government to hand over powers to local authorities because that way youth unemployment would be much less of a problem.

Nearly 50,000 fewer young people are getting help from national job schemes now than three years ago, the Local Government Association said, despite long-term youth unemployment remaining high. There had been an 8% drop last year in the number of young people in England starting one of the 35 nationally-run schemes – down from 605,354 in 2009/10 to 559,183 in 2012/13.

The Local Government Association also accused consecutive governments of 'meddling' that was having a negative impact on the schemes. The body said the current system wasn't working because it was overly complicated and 'awash' with 35 different national schemes that span thirteen different age boundaries at a cost of £15billion a year. And the complexity of successive national schemes (and the way the government publishes statistics) makes it impossible to see how effective the schemes are. In the few instances where data is available, the success of national schemes is low.

David Simmonds, chair of the Local Government Association's children and young people board, said:

*"It's clear that nationally-driven attempts to tackle youth unemployment aren't working. While there are a number of good initiatives, government has side lined councils and incentivised a series of services like schools, colleges and voluntary sector providers to work in isolation of each other, with no clarity on who is responsible for leading the offer to young people on the ground."*

*"We know the level of success that local organisations, such as councils, businesses and education providers, can achieve when working together, but this is being hampered by successive centrally-driven government approaches. We would now urge government to give local authorities and their partners the powers to 'own the problem' and become the link between young people and local employers."*

## **The UK public sector still has most expensive procurement process in Europe**

According to new research from the Centre for Economics and Business Research (CEBR), the United Kingdom public sector has one of the most expensive procurement processes in Europe. The scale of public procurement in the United Kingdom is almost unparalleled, with public sector purchasing accounting for one per cent of Gross Domestic Product (approximately £230 billion).

However, it does not follow that this massive scale must automatically translate into huge costs for the actual procurement process. By comparing the United Kingdom to other European economies, the Centre for Economics and Business Research's research demonstrates that procurement is an area where there are major potential savings to be made.

The most striking finding from the research is that in the United Kingdom, on average, it costs £45,200 to run a procurement competition. Scandinavian countries typically come in as being more expensive, but these nations have unusually high labour costs that push up the cost of procurement procedures.

Although salaries in the United Kingdom are relatively high, they are no more so than in France or Germany that both record cheaper procurement processes than the United Kingdom. Rather, one of the key reasons the research puts forward for high costs in the United Kingdom is the time taken to complete competitions: the average length of a competitive process in the United Kingdom is a full 53 days longer than the European Union average. Added to the United Kingdom's relatively high staffing costs, this creates bidding processes that can be very costly for the public sector.

Perhaps of even greater concern is that the high cost of the process also limits competition by potentially excluding smaller firms from the pool of vendors competing for government contracts. Given the length and the costs of the competition process, it may seem odd that the United Kingdom has an above average number of bids per contract. Perhaps this shows that despite the high cost, British firms are willing to compete for contracts aggressively? The research suggests that United Kingdom procurement competitions are attracting competitors in spite of, rather than because of, the process. There is a need to do more to make the procurement process cheaper and simpler for vendors to increase competition and ensure best value for the public sector.

With its G-Cloud framework and Cloud Store platform for public sector Information Technology procurement, the government has made positive steps towards helping Small and Medium Enterprises compete in what was once an oligopoly of major vendors. Further embracing this type of e-procurement by expanding it to other sectors outside Information Technology would be a solid next step for government.

In doing so, the United Kingdom is already positioning itself for the European Commission's mandated e-procurement strategy which comes into force in 2016. The savings are predicted to be substantial: in the region of £30 billion in total according to the Centre for Economics and Business Research analysis. These reductions will come in part from better management of costs and improved spend analysis. But as well as cost savings, the commission's intention is to spread wider benefits such as greater transparency in spending, a reduction in procurement fraud, plus faster and more cost-effective purchasing and bidding processes.

The research shows that the United Kingdom's procurement processes are relatively very expensive. It shows that they are relatively slow. It shows that the United Kingdom procurement process is currently not a supportive ecosystem for ambitious small and medium sized businesses to thrive. But it also shows that there is potentially a competitive, efficient, low-cost system on the way and that the government is on the road to full adoption.

Looking at the findings in a positive light, they show that public sector procurement represents a major opportunity to make savings. The scale of public sector procurement is unlikely to change drastically that makes it all the more important that it is made leaner, with nothing wasted on process or supply-chain inefficiencies. Initiatives such as the Cloud Store show an appetite for commerce, for openness in public sector spending and for healthy competition for government contracts. The European Commission's 2016 e-procurement deadline will be a watershed moment across the European Union. We're not there just yet, but the United Kingdom is on the right track to deliver.

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### **Potential issues with EU and USA trade**

The first round of negotiations in the European Union-United States trade deal – the Transatlantic Trade and Investment Partnership or 'TTIP' – has started. The talks that have taken place in Washington were coloured by internal debates between politicians, stakeholders and civil society organisations on both sides of the Atlantic. In the European Union, now that France has attained its desired audio-visual carve-out other member states can be expected to raise their own concerns.

Early indications suggested two key sticking points. The first is data privacy: MEPs of various political persuasions have said that revelations about United States surveillance have strengthened their determination to maintain Europe's tougher data protection standards. The second is agriculture: the European Commission's mandate envisages safeguarding domestic industries threatened by a rise in imports, suggesting that some member states have already raised the issue at the European Council.

In the United States, there were signs of bipartisan accord regarding the benefits of TTIP from the start - with both Republican and Democratic representatives declaring their support for the agreement. This unanimity is due to the general consensus that TTIP will boost the American economy. Some politicians also see it as an opportunity to reassure their European partners given the perceived United States 'pivot to Asia' in recent years.

Although there is some resistance to TTIP among left-leaning Democrats due to an almost ideological opposition to free trade agreements, ultimately the stance of many United States politicians will largely depend on the position taken by lobbyists from the most powerful stakeholders in their home states. And a majority of these – representing sectors ranging from airlines, through makers of distilled spirits, to fisheries – support a comprehensive agreement.

Most United States stakeholders have offensive interests in TTIP. Many want the agreement to alter the European Union's sanitary and phyto-sanitary rules to American-style 'science-based' regulations. Others want to see the issue of geographical indicators settled in their favour. Financial sector lobbyists are more inclusionary than the federal negotiators, who argue the industry should be excluded from TTIP for fear its inclusion will stall reform.

The only significant defensive stance of United States stakeholders concerns public procurement laws. The 'buy American' act, which requires state organs to prefer United States-made goods and services, is a particular concern. Although United States civil society associations are less enthusiastic about TTIP, they have much less influence on Congress and the negotiation process than the business groups that support a comprehensive TTIP.

European business broadly sees TTIP as an opportunity to expand. Many hope to gain access to the United States public procurement market, through the lifting of provisions like 'buy American'. The European financial services industry wants its sector to be included in the deal. On the other hand, civil society groups fear TTIP is a ploy for deregulation. They want Europe to keep its precautionary principle and demand that talks not be held in secret – a sensitive issue in the European Union since the Anti-Counterfeiting Trade Agreement was scrapped amid mass protests in 2011.

Topics where European Union and United States politicians and stakeholders' interests clash - such as public procurement, data protection, financial services and agricultural issues like geographical indicators and sanitary and phyto-sanitary measures – will prove the most problematic during talks. But negotiations may yet succeed if both sides display goodwill, like that shown by the Motion Picture Association of America - which in an open letter to the United States trade representative accepted European Union support for domestic audio-visual industries. European member states and stakeholders that wish to see an ambitious TTIP should similarly avoid adopting a defensive negotiating strategy and focus on the bigger picture of the economic benefits that the agreement can bring.

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## About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

For more information about us and our services please visit our website at [www.awics.co.uk](http://www.awics.co.uk) or contact Adrian Waite at [Adrian.waite@awics.co.uk](mailto:Adrian.waite@awics.co.uk).

Services that are available from 'AWICS' include:

- Regional Seminars - <http://www.awics.co.uk/regionalSeminars.asp>
- In-House Training – <http://www.awics.co.uk/inHouseCourses.asp>
- Management Consultancy – <http://www.awics.co.uk/ManagementConsultancy.asp>
- Interim Management – <http://www.awics.co.uk/interimmanagement.asp>
- Independent Residents' Advice – <http://www.awics.co.uk/IndependentTenantAdvice.asp>
- Publications – <http://www.awics.co.uk/TechnicalBooks.asp>
- Information (including free newsletters and briefing papers) - <http://www.awics.co.uk/informationsservice.asp>

Adrian Waite has a blog at <http://www.awics.co.uk/Blog.asp> and a Twitter feed at [@AdrianWaite](https://twitter.com/AdrianWaite)

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