10 February 2011

Public procurement as a tool to stimulate innovation

Dear Sir/Madam,

We welcome the opportunity to submit evidence to the Committee’s very timely inquiry into the use of procurement as a tool to stimulate innovation within industry.

The Institute of Physics believes that intelligent procurement of goods and services by government has the potential to be a key driver of innovation in the UK. However, despite considerable progress over recent years, it remains an underused mechanism to support and promote physics-based businesses, businesses which make a substantial contribution to the UK’s economy.

The Institute recommends the submission of the ‘Engineering the Future’ partnership, of which the Institute is a member, as presenting a comprehensive review of the major issues relating to the promotion of innovation through procurement.

To emphasise some of the points raised in the ‘Engineering the Future’ submission:

- We are concerned that, amid the current climate of cuts across departmental budgets, short-term cost concerns may come to dominate rather than assessments of the “whole life” costs, to the detriment of innovative products. Without a strong commitment across government, the progress made in promoting innovative procurement may be halted. We believe that the network of Chief Scientific Advisers could have role to play here.

- We believe that the Small Business Research Initiative (SBRI) has enormous potential to provide support to a wide range of physics-based businesses through focussed investment. To support its expansion across government departments in these straitened times, we would recommend revisiting the ‘co-funding’ element of the SBRI programme, which would
allow the Technology Strategy Board to incentivise further take-up of the programme.

There has been considerable progress over the last few years in developing innovative procurement processes, it would be unfortunate if this progress was not maintained and built on because of short-term thinking within government departments.

I would be pleased to discuss these issues further with you.

Yours faithfully

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President
Institute of Physics