



FROM CHALLENGE TO OPPORTUNITY: SENIOR LEADERS ON PROCUREMENT INNOVATION

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FOREWORD TOOLS TO TACKLE THE FEAR FACTOR



Rikesh Shah

Head of the Innovation Procurement Empowerment Centre

Innovation demands a mindset shift. For public-sector procurement, this makes it both part of the solution and part of the problem. Different is possible, but difficult.

Culture and behaviour are often blamed for resistance to change. In reality, risk aversion has become the default setting in public-sector procurement. Yet this reluctance to embrace new approaches is less about institutional conservatism or complacency and more about fear.

Senior leaders play a critical role in overcoming this challenge, yet they often lack the guidance and support needed to drive innovation. Their seniority and responsibilities do not exempt them from this need – they reinforce it.

Expertise in procurement leadership can be developed, agility can be learned, and both are essential for unlocking the art of the possible in procurement.

Practical insights from those leading the way

This Casebook shares lessons from eight senior leaders tackling procurement challenges across government, transport, health, and infrastructure. Each leader is driving change in different ways, but all are working to embed innovation in procurement.

Success is not easy. Political, technical, cultural, contractual, and financial barriers stand in the way. But these leaders show what's possible working across sectors, breaking down silos, fostering open collaboration, and using procurement strategically to deliver better, cheaper, faster, greener, and safer outcomes at scale.

Empowering leaders, transforming procurement

Produced by Connected Places Catapult and published on behalf of the Innovation Procurement Empowerment Centre (IPEC), this Casebook is part of a wider effort to empower public-sector professionals. Funded by Innovate UK, IPEC provides the tools, resources, and expertise to help leaders use procurement as a strategic lever for innovation.

The Procurement Act 2023 provides a clearer foundation for innovation in procurement, but change doesn't happen through policy alone. Leadership is the key to turning ambition into action.

The Senior Leaders Casebook equips leaders with the insights and strategies needed to build confidence, manage risk, and use procurement to shape markets effectively. Innovation isn't a choice. It's a responsibility.

LAURA PEACOCK

Head of Innovate Oxfordshire,
Oxfordshire County Council



With a background in strategic planning, policy, and communications, Laura leads innovative R&D projects to tackle key challenges in Oxfordshire. She plays a key role in advancing smart city initiatives, intelligent infrastructure, and mobility systems, while supporting projects that improve the local economy, environment, health, and care. Her depth of experience also makes her well-placed to oversee implementation of smart city principles. She plays an important role in enabling intelligent infrastructure and mobility systems, as well as projects to improve the local economy, environment, health and care, plus overall quality of life for Oxfordshire’s citizens. She is also instrumental in building partnerships between business and academia, securing funding, and working with industry to bring forward new technologies.

Innovation

For Laura, innovation is fundamentally about thinking in different ways and challenging existing models. Working in ways that are faster, more efficient and more effective can enable the delivery of products and services that better support the residents and businesses of Oxfordshire. Laura’s role and that of her team is to help create the space for that innovation, working with academic and SME experts, navigating the resource challenges of the public sector.

Challenges & Solutions

A critical element for the successful introduction of innovative products and services is to work closely with the procurement professionals. In this respect, Innovate Oxfordshire is very fortunate to have a procurement team that is supportive of its work. The team welcomes early engagement and is keen to understand what Laura and her colleagues are trying to achieve with each project or activity. This helps them arrive quickly at legal and compliant decisions that progress each step of the procurement process.

Partnerships: A particular challenge encountered by Laura and her team was when they were one of the first local authorities to try using the innovation partnerships. The goal of these partnerships was to encourage organisations to collaborate in proposing solutions to challenges faced by the council and then to test those solutions in short ‘sprint’ projects. This meant bringing together businesses that might consider themselves to be competitors in other contexts. As a result, the team had to work hard to persuade organisations to participate and to design projects where all were comfortable with the terms of engagement. On reflection, whilst the underlying aims made sense, the practical challenges of delivering innovation partnerships proved too ambitious and not agile enough. In the end, the team reverted to a more traditional approach.

Credibility: Confidence in working with SMEs that offer innovative solutions is another issue. Local authorities need to be confident that the products and services procured will be delivered reliably and offer value for money for residents and businesses. That requirement might mean they miss out on innovations because companies offering

novel solutions have a limited pedigree. In Laura’s opinion, it would be great if there were a ‘trusted trader’ scheme whereby public sector bodies could offer shared feedback on their experiences with SMEs and help build confidence in the reliability of their delivery.

CASE STUDIES

Electric vehicles: Laura is sure that one specific project where Innovate Oxfordshire has faced procurement challenges will prove a story of struggle familiar to many local authorities. It concerns the installation and commissioning of charging infrastructure for electric vehicles (EVs). This has implications not just for colleagues working in transport, but also for the energy and commercial teams. The only solution seems to be to engage diligently across the various teams and multiple stakeholders to make sure that the innovative solutions being procured ultimately meet all their respective requirements.

Takeaway

Keep things simple. We have developed some standard operating procedures for our bids to ensure that the procurement team is engaged early, and we can steer the right path to success. The current devolution agenda may create new opportunities for innovation in the procurement process and we feel that we have had some great experiences that could help others in their innovation journey.



DR ANNETTE PASS

Deputy Chief Scientific Adviser at Department for Transport

Annette has 25 years' experience in the transport sector. After gaining her PhD in Chemistry from the University of Leeds, she joined the Highways Agency, now National Highways, where she held a variety of roles predominantly focused on leading and managing research programmes, together with communications and business improvement. She spent five years there as Head of Innovation, creating National Highways' Innovation & Research Strategy, as well as guidance for managing pilots and trials on the road network. In 2023, Annette joined the Department for Transport (DfT) as Deputy Chief Scientific Adviser, promoting science and innovation across the Department and the transport sector.

Innovation

Innovation is a hugely important element of the work of the Department for Transport. However, it operates quite differently within DfT compared to the associated arms-length bodies (ALBs), such as National Highways. For an ALB, innovation is there to help deliver the goals of the organisation while improving the bottom line. DfT has a wider remit to support innovation within the ALBs but also to create an environment that encourages it sector-wide. In Annette's view, therefore, DfT is interested in innovation in its broadest sense – not just technology, but also materials used for infrastructure, as well as planning of transport services and efficiency of operations and processes.

Challenges & Solutions

Whilst positive in principle for procurement, the potential for DfT to cast the net wide and far in search of a range of innovation solutions and diverse mix of suppliers can itself raise issues in practice.

Flexibility: Some of the challenges Annette and colleagues face in procuring innovation within DfT lie in the requirements that are placed on organisations that respond to tenders. Of course, these requirements are there for good reason – a supplier of services to DfT has to be economically sound with the right insurances and protections in place. However, the Procurement Act 2023 may help enable DfT to engage with a wider range of innovators in a flexible but robust manner.



CASE STUDIES

A14 Cambridge: One project that has delivered excellence in innovation and procurement has been the A14 Cambridge to Huntingdon improvement scheme. At £1.5bn, the size of the project generated the headroom to create a real identity and culture of value and openness to new ideas that allowed innovation to flourish. This led to the project winning several awards for its innovative approaches. Whilst few transport projects have this scale, there is transferable learning around the culture and space for innovation that could benefit many projects.

Cement: Another example where innovation is supported by the procurement process comes from the world of materials. Global cement production is associated with the emission of more than 1.5 billion tonnes of CO₂ each year. Using calcined clay in the production process can dramatically reduce emissions. It is therefore possible to create certainty in the supply chain about the market need for cement produced with calcined clay by specifying this material in the procurement process.

HS2: A further example of innovation in procurement comes from the High Speed 2 rail project (HS2). A public-private capital investment fund for innovation was formed by a partnership between HS2 Ltd (the company responsible for developing and promoting the HS2 network), DfT and private companies in the HS2 supply chain. This fund supports British start-ups and SMEs in return for a small equity stake in their business. With support from the investment fund and the opportunity to bring their innovations to a project of critical national importance, these organisations can take big steps forward in their own growth journey.

Takeaway

I see DfT's role as being both the sponsor to drive excellence in innovation through procurement via the ALBs, but also to help bridge potential gaps that might emerge between innovation and delivery teams.



DR MIKE SHORT

CBE, Chief Architect, Satellite Applications Catapult



Dr Mike Short was Chief Scientific Adviser at the Department for International Trade from November 2017 to February 2023. He has over 40 years of experience in the electronics and telecommunications industry, latterly as Vice President of Telefónica for 17 years. In that post, he managed the launch of 2G (GSM) and 3G mobile technologies in the UK. Known for his promotion of international technical standards, he is now pursuing a portfolio career around innovation and research largely in telecommunications, including a leading role as Chief Architect at the Satellite Applications Catapult. Mike was honoured with a CBE in 2012 for his services to the mobile industry.

Innovation

The Satellite Applications Catapult has a relatively small procurement requirement but supports innovation in other ways – in particular, by acting as a catalyst convening public, private and academic bodies. Ultimately, such innovation seeks to achieve better outcomes for a range of stakeholders. These might be commercial businesses, service providers or consumers and could come in the form of reduced costs, increased capabilities or other new ideas. In Mike's experience, however, a key challenge for public procurement is that outcomes are often driven less by innovative solutions and more by price competition.

Challenges & Solutions

Mike has often found it helpful to take a case-study approach when bringing innovations to markets, seeking reassurance from suppliers around ongoing support and future development of new products. In a highly competitive environment, however, it remains vital that procurement of the latest innovations is always mindful of regulations and standards governing the industries concerned.

Timing: Act too early and you risk disappointing your customers with a poorly conceived product; leave it too late and your competitors may have secured the market. Faced with this dilemma, Mike recommends that procurement professionals pay close attention to the development of international standards to help guide the timing of any commitments to innovation.

They should also be watchful of product roadmaps, plus strive for a common understanding of longer-term roadmaps on both the customer and supply side. That said, not even well-considered roadmaps can anticipate all the unforeseen, such as technology developments, changes in market conditions or evolving consumer needs. According to Mike, successfully navigating this landscape is a real artform.

Holistics: Adopting innovative products or services might deliver significant improvements in customer outcomes. However, that is not the end of the story. For example, if the innovation does not

scale successfully, does not comply with relevant regulations, does not have adequate customer or user support, causes unforeseen energy demand or does not provide adequate cybersecurity, it could ultimately lead to failure. The innovator needs to have a good understanding of their customer, market and the fit for their product. This is challenging as, with the other competing demands on their time, an SME may struggle to review product fit. Similarly, the procurer needs to have confidence that an SME can find ways to meet these demands appropriately over the life of the contract. This is an area where standards are helpful in creating a platform of trust.

CASE STUDIES

5G: Mike is a firm believer in the need to make sure that the future scaling of innovation is appropriately considered, even at the procurement stage. For example, there is provision for trialling of new passenger connectivity services using a 5G Mobile Private Network for the East-West rail link in the stretch between Bletchley and Bicester. This will be fantastic for customers, but parties should be thinking now about how to scale this service to the whole route and beyond.

Social value: Opportunities also exist to leverage the procurement of innovation to support wider benefits. One example of thinking more broadly involved a defence contractor that included support for local employment and facilities as part of their offer.

Nuclear: When it comes to cases where procurement of innovation has been less successful, Mike highlights the example of small nuclear reactors. The UK originally held a strong position in the development of these advanced solutions but progress up the technology readiness levels was too slow and there was little certainty over the future market in the UK. As a result, others were able to capitalise and catch up on the UK.

Takeaway

We need to challenge organisational silos to deliver the best outcomes. The current government's desire for growth may drive changes in technology procurement and adoption, plus applying an 'Intelligent Client' approach can help to secure a wider set of benefits through the procurement process.

MIKE WATERS

Director of Policy, Strategy & Innovation, Transport for West Midlands



Mike leads a multi-disciplinary department at Transport for West Midlands (TfWM) which also delivers Swift, the region's smart, cashless ticketing environment. His broad remit incorporates transport planning, research, modelling and data services activity for the region. Mike helped develop the regional UK pathfinder Future Mobility Zone, sponsoring the West Midlands 5G mobility and transport innovation programmes. He sits on National Highways' Research and Innovation Advisory Board, as well as steering groups for connected and autonomous vehicles (CAV). Supporting the skills, housing and transport agendas across the West Midlands Combined Authority, Mike is also involved in attracting funding to the region.

Innovation

For Mike, the policy and strategy components of his role at TfWM are focused more on the planning element, whilst his team looks for innovations that can improve any and every aspect of their activities. When the team finds colleagues with strengths in developing or supporting innovative ideas, they try to get them to apply those talents in tackling some of the more fundamental challenges of the business. In all of this, data is hugely important. The department works to collect and analyse a variety of geospatial data, then curate this for its regional coordination centres. Mike sees skills in data science and product management as being particularly helpful in addressing current problems.

Challenges & Solutions

Of late, it is noticeable that TfWM is starting to see more collaboration with other regions, and this might accelerate as the devolution agenda plays out. Competition can be the enemy of collaboration and sometimes innovation may only succeed at scales that are achieved through collaborative approaches. That said, collaboration also carries a time-cost – it takes effort on both sides to achieve an optimal

outcome and align timings, accounting for reviews and approvals by the relevant committees. Looking ahead, Mike sees great opportunities for innovation through collaboration, but only if all parties can take the ego out of wanting to be first and focus on the needs of the people they serve.

Dialogue: The relationship between procurement and innovation is not always straightforward. However, Mike feels that applying the Competitive Dialogue process has helped TfWM resolve some of the tensions that can exist between the two. Mike's team uses a high-level specification to set out the requirement and carefully describe the success factors they are seeking to achieve. They are also very clear over the value envelope and operational expenditure constraints that apply to a project. Responses are then left open to the supply chain, allowing innovative solutions to be proposed that satisfy the relevant criteria. From the submitted responses, the team selects between three and five candidates, which then enter the Competitive Dialogue. Working closely with these organisations, they can then home in on the optimal solution.

The process is hugely valuable to the TfWM team in learning from the capabilities and offerings of participating organisations and

to the bidders in being able to understand procurement requirements and tailor their solutions accordingly. However, this intensive process can be very demanding in terms of time and resources for both sides and is not well suited to quickfire try/test/fail projects.

Funding: TfWM recognises the huge value of grant funding in supporting the growth and development of fledgling businesses. However, the procurement team is also nervous of companies that only seem to exist from one grant round to the next. Similarly, the in-house innovation team is itself supported by grants and it can be challenging for them to look beyond the tasks they are required to deliver for which the grant funding was awarded.

When TfWM is seeking quickfire innovation, Mike's teams can recruit the necessary talent

on secondment, but this can be expensive. In addition, it often proves hard to retain the information and skills brought in by those experts.

Pioneers: TfWM has been a leading exponent of some very significant developments in the transport sector, including mobility-as-a-service, automated vehicles and mobile ticketing systems. However, Mike acknowledges that the organisation is also cautious over the risk of 'first-mover disadvantage'. At times, it has felt like others have been able to learn lessons from some of the problems TfWM has encountered when developing these innovations. Going forward, there is a need to get the balance right here and understand better when it might be more beneficial to be a fast follower and gain 'second-mover advantage', rather than suffer the challenges of being in the vanguard.

CASE STUDIES

Transport Modelling: One of the most challenging procurement exercises faced by TfWM is related to transport modelling. The traditional approach to modelling uses several years of historical data. Emerging trends and relationships within this data are used to project forward what problems may affect the transport system or what effect new transport infrastructure or housing developments may have on the network. To do this for large areas with any level of granularity is expensive, complex and full of assumptions associated with the use of historic data. Mike and his team have been trying ways to do this more accurately and cost-effectively using innovations such as traffic sensors, plus floating vehicle and mobile phone data. For a variety of reasons, there were several false starts initially that took up time and left the market uncertain of what the procurement was trying to achieve. Thankfully, these issues have now been resolved, and Mike's team is working with a supplier that has been very helpful in developing TfWM staff in the use of their products, allowing them to innovate together on their product development. This is critical for TfWM as they are very concerned about the risks of proprietary lock-in. A solution that seems innovative in year one may look very different in year five with an expensive migration path and flight risk of team members who are uniquely skilled with a specific product.

Takeaway

For me, innovation is trying novel approaches to fixing a problem whilst accepting a reasonable risk of failure. As a transport provider, we must be human-centric in our thinking – so, the innovations we support need to prioritise the customer.

CHARLOTTE WILLIAMS

Deputy Chief Executive, North West Anglia NHS Foundation Trust

Charlotte took up her current post as Deputy Chief Executive in May 2024. Her responsibilities include strategy and transformation, digital and organisational development. Prior to this, Charlotte was Chief Strategy & Improvement Officer at Mid & South Essex NHS Foundation Trust, leading on quality improvement and innovation, digital services, system and service redesign, clinical service strategy, system-wide transformation, and strategic intelligence. She was seconded for two years to NHS England’s Strategy Group, writing the Next Steps on the Forward View. An Honorary Associate Professor at the University of Birmingham, Charlotte also works to support future leaders in health and care.

Innovation

From Charlotte’s perspective, much of what is required for better innovation through procurement comes down to two key and connected issues: confidence and guidance. NHS operational leaders need a higher degree of commercial confidence when interacting with private-sector partners. To that end, procurement ought to be recognised as a key leadership competency for NHS senior managers, alongside financial and personnel management. In addition, a high-quality advisory service should be available to NHS managers to help them navigate procurement and innovation. This service would provide hands-on, outcome-focused procurement expertise to guide NHS teams through the complexities of procurement-driven innovation.

Challenges & Solutions

For Charlotte, one of the most significant barriers to innovation through procurement in the NHS is the challenge of scaling-up pilots. The NHS operates within a highly regulated procurement framework designed to achieve cost efficiency at scale, but which creates systemic hurdles for innovators. Charlotte estimates as much as 85% of NHS procurement occurs through these frameworks, making anything else the exception and, potentially, restricted. Innovators can also only join NHS procurement frameworks at designated intervals, restricting their ability to respond to real-time needs.



Fragmentation: Every NHS trust tends to start from scratch rather than adopting proven solutions from another trust. This makes it hard for innovators to scale innovations across the NHS, replicating success from trust to trust. This blank-page mentality means that even if a solution is proven it may not scale. In response, Charlotte is positive about the potential for Dynamic Purchasing Systems (DPS) to offer a dedicated, flexible framework that allows innovators to register and build against emerging procurement requirements. This would enable innovators to work across multiple NHS trusts, and help smaller suppliers gain NHS experience before moving onto conventional frameworks.

Silos: Many NHS managers have little understanding of procurement. This leads to excessive deference to procurement officers, who often default to risk-averse behaviours

that prioritise avoiding legal trouble over securing the best products. As a result, procurement in the NHS sometimes operates in ‘Category Towers’ where specialists focus on technical compliance rather than outcome-driven solutions.

Matchmaking: NHS trusts can introduce innovators to large, established suppliers who can then offer their services, minimising the risk of procuring from a startup.

Support: NHS organisations can also provide value to innovators by offering investor case studies, not just purchasing products. In addition, the NHS Innovation Service can give clarity on procurement requirements and regional support to help ensure that innovators meet the necessary standards before entering formal procurement processes.

CASE STUDIES

Software: One example of procurement failure flagged by Charlotte concerns problems in scaling-up. A doctor in a trust developed a software solution designed to optimise staff deployment by incentivising workers to utilise hard-to-fill rota slots. They trialled it and it worked. The Workforce Department needed such a tool but could not scale the pilot beyond an initial £5,000-£10,000 investment. Existing market solutions appeared similar superficially but did not address the specific problem that the local doctor’s software solved. Procurement required the doctor to get onto an NHS framework, which typically incurs £20,000 in legal costs: a lot for a new small business. What made it worse is that the doctor failed to win the contract. The trust ended up with a new, better workplace planning tool, but it ultimately did not have the unique capabilities that the doctor had originally created.

Takeaway

When it comes to innovation, the most critical recommendation for health and care is around the need for better procurement advice for NHS managers, delivered by highly trained procurement professionals who focus on outcomes rather than process compliance.

TOBYN HUGHES

Director of Transport, North East Combined Authority



Tobyn works to ensure development and delivery of a green, integrated transport system for the Combined Authority. Passionate about improving everyday travel across the region, he is the principal transport adviser to the North East Mayor, Kim McGuinness. With extensive knowledge of commercial, operational and regulatory environments, Tobyn has led development of region-wide transport strategies including the North East Local Transport Plan, Rail and Metro Strategy, and Active Travel Strategy. He recently led a bid for major government funding through the Bus Service Improvement Plan and previously secured investment for a new £362M Metro. He is also a member of Urban Transport Group's Board.

Innovation

For Tobyn, the challenge of delivering performance over time via innovation procurement is not just a complex problem to solve, but sometimes a political one, too. However, confrontation is not the answer. Bridging the gap between national policy positions and local needs calls for pragmatism and, most of all, consensus. In his experience, procurement can be designed constructively and collaboratively to result in aligned incentives and partnership working, which could then be used as a platform for innovation throughout the contract term.

Challenges & Solutions

Whilst unnecessary confrontation is best avoided, that does not mean it is never appropriate for local procurement teams to argue the case.

Fundamentally, there is a need for public bodies to assess whether a procurement model being proposed is truly capable of delivering innovation and, if not, to robustly challenge. Otherwise, innovation may fail.

Models: On more than one occasion, Tobyn has experienced attempts by the UK Government to impose procurement models that do not align with local needs. Because central government controlled the funding, it felt able to dictate the model used – even though its favoured one-size-fits-all models would likely constrain both innovation and flexibility, plus result in delays to procurement. Tobyn led the argument against these imposed models, engaging in sustained discussions with DfT and HM Treasury to demonstrate why alternative procurement structures were necessary. The wider lesson is that funding bodies should not use control of the purse strings to specify procurement models, and public bodies in receipt of funds must be willing to push back.

CASE STUDIES

Metro Fleet: The Tyne and Wear Passenger Transport Executive Nexus, where Tobyn Hughes is also Director General, needed to finance and procure a new fleet of Metro trains. The brief for procurement required a balance between cost, innovation, and long-term adaptability. However, the UK Government initially insisted on a rigid Private Finance Initiative (PFI) model that would have prevented incremental upgrades and adaptation to emerging battery technology, as well as increasing whole-life costs significantly. As a solution, Tobyn and his team insisted on an outcome-based procurement structure, prioritising long-term performance rather than upfront cost. Accordingly, the Metro Fleet procurement contract was structured with a 10-year maintenance component, ensuring that the supplier had a stake in long-term fleet efficiency and technological advancement. A quality-scoring system was also introduced that rewarded innovative battery solutions, encouraging manufacturers to go beyond minimum requirements.

Charging infrastructure: The North East region, which comprises both urban and deeply rural environments, needed to roll out EV chargers at scale. The central government funding model required an approach to procurement that conflicted with local implementation needs, resulting in many months of wasted effort trying to reconcile these differences. Successfully navigating bureaucracy, Tobyn aligned multiple councils around a joint procurement approach that worked within existing legal constraints. He presented a clear alternative procurement model to government stakeholders, showing its practicality and financial viability, which led to a compromise and funding approval.

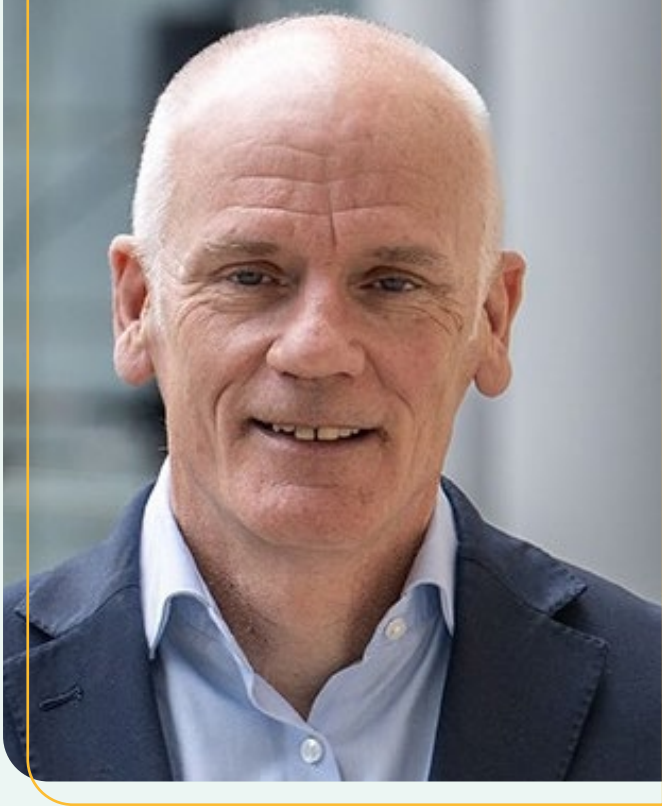
Tyne Tunnels: The challenge here was to be able to ensure the long-term success of a transport PFI model, given that the original contract signed back in 2007 required significant innovation to introduce free-flow tolling technology. In response, Tobyn led direct negotiations with TT2 (the tunnel operator) to embed innovation-friendly mechanisms into the PFI structure. He ensured that the contract aligned financial incentives between Nexus and TT2, making it beneficial to implement the upgrade, rather than maintain outdated systems. The procurement was designed with partnership as a key objective from day one, making the innovation deployment successful.

Takeaway

Working on integrated transport systems and solutions across a regional landscape with multiple stakeholders is a team game. Ultimately, therefore, success in personal leadership around innovation procurement is only achievable through partnership. True partnership must be made a specific objective of the procurement.

STEVE WARRENER

Managing Director of Transport for Greater Manchester



Steve is responsible for the day-to-day running of Transport for Greater Manchester (TfGM), including the development and delivery of the groundbreaking Bee Network which provides integrated transport solutions city-wide. A qualified accountant, Steve is responsible for the financial management of the organisation, as well as the negotiation, procurement and commercial management of significant bus, tram and other service contracts, plus franchise roll-out schemes and major infrastructure programmes. Able to draw on experience gained in the private sector too, prior to his 16 years at TfGM, he also plays a lead role in securing funding and financing, plus generating commercial revenues.

Innovation

In Steve’s opinion, procurement should be regarded as a discrete discipline – a singular field of excellence, not some side hustle reliant on the non-specialist efforts of subject matter experts. So, for innovation, trained procurement professionals are essential. It is therefore important that procurement is not seen as simply a cost to an organisation, but that sufficient investment is made for quality procurement people.

Challenges & Solutions

Steve strongly supports early market engagement as a critical tool for enabling innovation through procurement. He has consistently advocated for using the Competitive Dialogue process, which allows for open discussions with suppliers

before finalising procurement requirements. He believes that this approach ensures clarity, fosters stronger relationships with the market, and ultimately leads to better commercial and operational outcomes.

Expertise: Historically, in Steve’s experience, procurement has often been handled by subject matter experts rather than procurement professionals, leading to suboptimal outcomes. In response, he restructured procurement to be led by specialist procurement professionals, ensuring expertise was embedded at every stage. He also brought in a senior leader with experience across both public and private sectors to guarantee that procurement was strategically aligned with TfGM’s innovation goals. This helped ensure that for major delivery projects, such as the Metrolink, procurement represented a key part of the process.

Outcomes: Rigid, traditional procurement has all-too-often focused heavily on input-based specifications, reducing supplier flexibility and stifling innovation. To avoid this, Steve shifted TfGM’s procurement approach to outcome-based specifications, ensuring bidders had flexibility to propose innovative solutions. Working to engage the market early also helped create space for dialogue and innovative problem-solving.

Short-Termism: Many public-sector contracts are arbitrarily set at 5 or 5+2 years, despite infrastructure and technology projects requiring long-term commitment. There is often no real logic to these dates; it just gets done that way, because it has always been done like that. So, Steve argues it is important to recognise that these provisions are suboptimal and that some complex, mission-critical contracts need to be considered as ‘for life’ contracts and designed with capacity for innovation throughout the whole term.

CASE STUDIES

Contactless PAYG: In this case, the first procurement ultimately failed – in part because it was too input-led, but also due to the involvement of a relatively inexperienced buyer, leading to a supplier winning a contract with an undeliverable bid. This somewhat painful experience provided for some valuable lessons learned in creating an output-led specification.

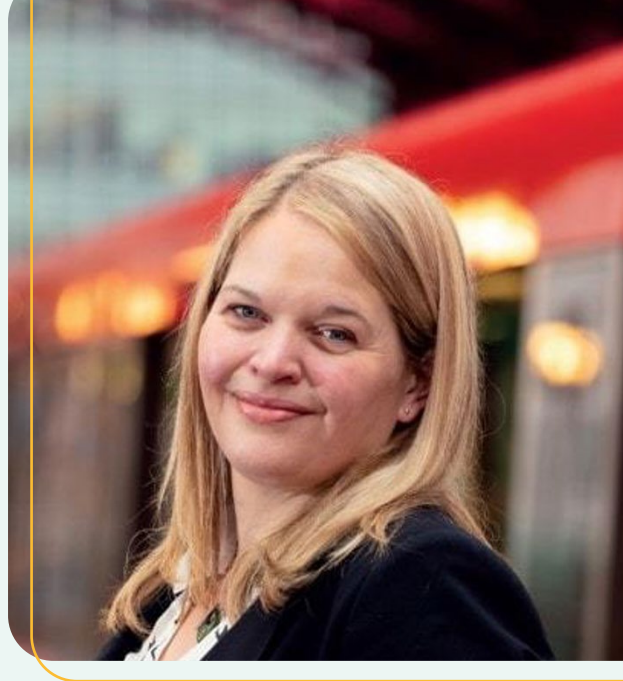
Zero Emission Bus (ZEB) strategy: Transitioning from a diesel fleet to an electric equivalent requires a massive investment in charging infrastructure and power supply, not just vehicles. The solution was to structure and secure a suitable Power Purchase Agreement (PPA), ensuring sustainable energy supply was locked in for the long term alongside vehicle procurement. Going forward, Steve is leading the development of a holistic ZEB strategy, ensuring the procurement addresses both vehicles and infrastructure together.

Takeaway

The new Procurement Act promises to be a real step forward for public-sector buyers. It will enable product demonstrations and pilot projects as part of the evaluation process. This will make it easier to test and validate innovative solutions before committing to large-scale contracts, reducing risk while encouraging new entrants and suppliers to bring forward creative approaches.

TRICIA ASHTON

Director of Rail & Sponsored Services, Transport for London



Trish has worked at Transport for London (TfL) since 2001, when she joined the organisation on a graduate scheme, following a first degree in Geography and Politics. Now an experienced business leader in both direct operations and contracted services, Trish has a strong track record in delivering excellence and reliability through the engaged, high-performing teams she has worked to create and develop. With an MBA from the London Business School, she has risen to the rank of Director of Rail and Sponsored Services, responsible for London Overground, DLR, Trams, Cycle Hire, London River Services, the London Cable Car and E-Scooters.

Innovation

For Trish, there is an urgent need right now for a shift in public-sector procurement culture. Focusing on process over outcomes stifles innovation. Therefore, more flexible, dynamic approaches are necessary to bring forward new solutions and ideas. By leveraging private-sector flexibility, this transformational agenda can help reduce barriers to entry for new suppliers. Relationships with suppliers should also be prioritised over rigid contract processes, as this allows for better alignment on objectives and a greater willingness to take calculated risks.

Challenges & Solutions

According to Trish, one of the cultural barriers to innovation procurement within the public sector revolves around an apparent lack of strategic focus and future planning. The reality is that many senior leaders within key organisations simply do not engage with long-term trends or innovation. Innovation is often seen as something that happens through assets rather than approaches or culture.

As a result, leadership teams focus almost entirely on short-term service delivery, leaving little space for innovation.

Scale: Procurement in the public sector tends to be heavily process-driven, with rigid structures that create high barriers to entry for new and smaller bidders. The current approach therefore favours large, established suppliers who are familiar with the workings of public tenders and can navigate complex procurement requirements. This makes it difficult for smaller innovative companies to compete, as they frequently lack the resources to engage in lengthy bidding processes, even when they have superior solutions. Overly formulaic evaluation criteria also mean that some suppliers cannot differentiate themselves based on innovation or added value. It is possible, however, to structure procurement differently to allow for more flexible supplier engagement. For instance, Trish supports breaking down large contracts into smaller, more manageable opportunities, making it easier for new entrants to participate.

She also challenges the perception that bigger contracts are automatically more cost-effective as it limits the bidding pool to more expensive legacy bidders. Smaller suppliers often provide efficiencies in different ways, such as through greater agility and customer focus, rather than economies of scale.

Risk: In a process-driven culture that prioritises adherence to strict procedures, often at the expense of outcomes, it can be difficult to test new approaches. There is a fear of legal challenges, leading to overly cautious decision-making and an

unwillingness to engage with suppliers dynamically.

As a result, procurement teams within the public sector typically focus on minimising risk rather than enabling innovation. This risk aversion sometimes presents as innovation fatigue, symptomatic of a cultural preference for maintaining the status quo. By contrast, Trish points to the fact that private operators who have a greater appetite for risk and stronger focus on outcomes often demonstrate greater flexibility in procurement and so deliver more innovative results.

CASE STUDIES

DLR: TfL's lift and escalator procurement had become dominated by a small number of the same large suppliers, limiting innovation. Working independently, KeolisAmey Docklands Ltd (KAD) – which operates trains and stations, also maintains much of the Docklands Light Railway (DLR) network on behalf of TfL – managed to procure a smaller, more customer-focused escalator provider. The result was that a new supplier successfully entered the market, delivering better service and efficiency in this case than the traditional bidders.

Arriva Rail London (ARL): In this example, the problem was that traditional procurement processes did not allow for flexible selection methods that considered user experience. To resolve the issue, ARL ran a six-month trial with two competing security contractors, then allowed staff to vote on which provider performed better. This more user-driven selection process resulted in improved security services and higher satisfaction from both staff and customers.

Bank Station: Standard procurement approaches required highly detailed design specifications, restricting supplier creativity. Breaking with tradition, TfL shifted to an outcome-based approach, defining project goals rather than dictating the exact technical solution. The outcome was that contractors delivered innovative, cost-effective solutions. Ultimately, however, it should be noted that the model was not widely adopted due to internal resistance.

Takeaway

With innovation procurement, there's a lot of nervousness around the process. Everyone wants to be seen to do everything right and not risk a challenge. However, if procurement teams were more focused on building trust with bidders, the risk of legal challenges would ultimately decrease, as suppliers would feel more engaged and less inclined to challenge outcomes.

CONCLUSION

THE TIME FOR PROCUREMENT IS NOW

The focus of this From Challenge to Opportunity: Senior Leaders on Procurement Innovation is obviously procurement of innovation. In fairness, some of the challenges and opportunities highlighted might arguably be viewed as leadership issues common to many sectors and industries today.

For instance, organisational agility is often flagged as a valuable attribute for futureproofing any sustainable business model. Leaders who are receptive to fresh thinking and flexible in their approach are more likely to encourage an entrepreneurial spirit and, ultimately, become or foster changemakers.

This agility, however, does not take place wholly outside of existing structures and frameworks. It might resemble a revolution, but it is not anarchy; this is rule-governed creativity.

Such a strategic vision calls for both leadership excellence and professional expertise. There is clearly a push from the Senior Leaders interviewed for procurement to be championed as a dedicated professional discipline, populated with qualified and experienced personnel and teams, open to engaging widely and constructively, working with transparency across silos.

In truth, for procurement to reach that level of enlightenment from where we are now will necessitate a collective mindset shift. When it comes to innovation, fear of failure and risk aversion are inevitably flagged as

significant behavioural traits still deeply embedded in cultural norms right across the public sector.

Change is hard; but necessary; and, ultimately, possible – as the case-study examples show.

So, success in procurement of innovation requires some big issues to be addressed:

- **Time:** Factors such as the timing of market interventions and investments can be critical, with a need to avoid the sorts of inconsistencies and unintended consequences often associated with short-termism. This is why it is so important for procurement to be seen and used as a strategic tool, capable of being applied practically over time, throughout iterative and longer-term contract periods.
- **Scale:** Whilst there might not be a shortage of innovation, per se, scaling it up from pilot to commercial project can be a real headache for procurement. This is especially so where procedural complexity proves a barrier to entry for new suppliers such as SMEs and start-ups, loading the dice in favour of

the ‘usual suspects’ like large established providers. Moving from rigid process-driven and input-based procurement to a more responsive outcome-led approach can help break the mould here.

- **Risk:** The opportunity to test hypotheses and take market soundings on product development can boost confidence around innovation in procurement. Early market engagement, perhaps in the form of Competitive Dialogue, helps to de-risk both procurements and innovations. Regulations and standards may signpost best practice and make for a quality filter. Overall, a less adversarial, more collaborative approach also builds trust between parties and effectively reduces the likelihood of a legal challenge arising. Partnerships, whilst welcome, must however be founded on alignment of purpose and agreed objectives, to avoid leadership being left with the unenviable task of trying to reconcile conflicting priorities to satisfy all parties.
- **Value:** Last, but by no means least, it should be noted that procurement that seeks to create value sustainably,

rather than simply manage cost, is urged to adopt a broader definition of innovation, not a narrow one. Procurement professionals will need to be able to take a more holistic view and look beyond the boundaries of technological innovation to realise potential in everything from planning and user experience to materials and skills. Truly entrepreneurial procurement also embraces innovation for its environmental and social value, not just economic.

All of this is now underpinned by the new Procurement Act, which makes a positive contribution towards providing the public sector with an empowering platform on which to build for success.

Thanks also to such insights and examples as those shared by Senior Leaders in this Casebook, expectations are therefore rising for professionals to harness the opportunities presented by innovation with increasing confidence and improved support. Going forward, innovation must become part of the solution, not remain part of the problem; the time for procurement is now.



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