

# **Mystery Shopper Service Progress Report 2017/18**

Trends from 6 April 2017 to 5 April 2018

## Background

The Mystery Shopper service was launched in 2011 to help suppliers raise concerns about potentially poor public sector procurement practice. The service is anonymous and covers procurement by contracting authorities across the public sector.

The Mystery Shopper team works with suppliers and contracting authorities to resolve issues. We offer advice and support to suppliers during their case and work with contracting authorities to understand why an issue has arisen. By making recommendations for the future, we aim to prevent the problem being repeated. We have a particular focus on removing barriers that may prevent Small and Medium Enterprises (SMEs) from obtaining public sector contracts.

The service was strengthened in 2015 through the Small Business Enterprise and Employment Act that provided a statutory basis for our investigations. If the Mystery Shopper team finds a policy gap or trend, we consider whether policy advice is needed or whether we need to make contracting authorities aware of a potential trend.

We offer anonymity to suppliers using our service wherever possible so they feel able to challenge without concerns that this will hinder their business. We deliver a completely transparent service, publishing our case results and holding contracting authorities to recommendations made.

Outcomes of cases are published on a monthly basis via the Mystery Shopper pages of GOV.uk:

https://www.gov.uk/government/publications/mystery-shopper-results-2018

This progress report highlights the main trends between 6 April 2017 and 5 April 2018. It includes outcomes from feedback provided by our user survey and a comparison of procurement issues within the different sectors. It should be noted that the trends are based on the type of complaint that has been investigated at the closure stage and does not always indicate that an incorrect procurement process has been identified.

#### **Highlights**

**Number of Cases and Sectors** 

We received 161 cases between 6 April 2017 and 5 April 2018 and there is little change in terms of the sectors we receive complaints about. The wider public sector continuing to have the majority of cases raised. There has been a small increase in Central Government cases, rising from 24% to 29.9%, and a small decrease in Wider Public Sector cases, 71% down to 66%.

Central Government
29.9%

Supplier to Central Government
2.7%
Supplier to WPS
1.4%

Chart 1: Sectors we received concerns about

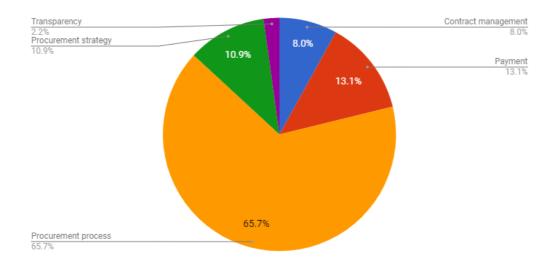
### Types of Issues raised

The types of concerns we investigate are categorised at the closure stage of the investigation. These can fall under 5 categories; Procurement Strategy, Procurement Procedure, Payment, Transparency and Contract Management. The majority of issues raised concern the 'Procurement Process' i.e. the process of finding, agreeing terms and acquiring goods, services or works, rather than the 'Strategy' i.e. what the contracting authority requires from the contract. There has been an increase from 45% to 65.7% in the past year of cases raised within 'Procurement Process'.

In the 'Procurement Process' there has been a higher number of problems reported at the evaluation stage with communications and scoring being raised more frequently than other issues.

Payment cases have decreased from 24% to 13% over the last year, having increased the previous year.

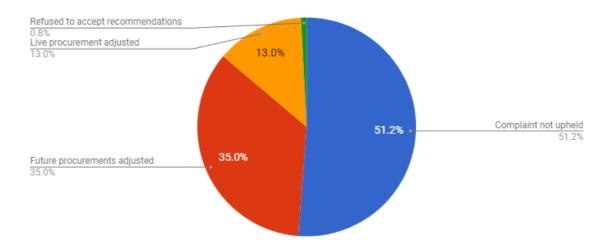
Chart 2: Types of Issues raised



#### **Outcomes**

99.3% of all our closed cases resulted in a positive outcome. This includes changes being made to live procurements, recommendations being accepted that will affect future procurement practice or cases where we find nothing wrong with the procurement practice but we are able to offer advice to service users that help them understand what has happened and why.

**Chart 3: Outcomes of closed cases** 



**Main trends**The most common issues investigated are included in the table below (categories with 2 or below have not been included).

High level classification	Sub classificatio n	No. of case	Overall assessment and recommendations	Recommended reading for more information
Procurement Processes	Evaluation	10	The main complaints we received concerned lack of/incorrect communication, inconsistent scoring, and lack of/incorrect feedback.	Public Contract Regulations 2015 - Regulation 22
			We have been working with contracting authorities to ensure they follow the correct regulations. We have also explained the process to suppliers to educate them, as some of the complaints raised were not in breach of the Public Contracts Regulations.	
	Digital Marketplace	က	arketplace trends are mainly about quality of	See DOS guide
	Tender Process	ო	No specific trend.	
			There were no particular trends or evidence of a policy gap that needed addressing but an educational requirement to use guidance correctly.	

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Public Contracts Regulations 2015-	לפקעממו היים ביים ביים ביים ביים ביים ביים ביים					Public Contracts Regulations 2015- Regulation 33	
Almost all payment complaints concerned non-payment or late payment of invoices.	The majority of these cases were raised on wider public sector contracts.	The Government has already taken action to improve payment practices in its supply chains:	The Public Contract Regulations 2015 require many public sector bodies to pay their suppliers within 30 days and to mandate 30 day payment terms down the supply chain in new public sector contracts.	The Prompt Payment Code <sup>2</sup> has been strengthened and signatories commit to pay suppliers within 60 days and work towards 30 day terms. By July 2017 all major government suppliers signed up to the Code.	Mystery Shopper has successfully supported 12 businesses reclaim money owed to the value of approximately 1.2 million pounds.	Most complaints surrounding frameworks were due to authorities selecting an incorrect framework to advertise tendering opportunities.	There were no particular trends or evidence of a policy gap that needed addressing but an educational requirement to use guidance correctly.
8						Ŋ	
Non-payment						Frameworks	
Payment						Procurement Strategy	

https://www.gov.uk/guidance/digital-outcomes-and-specialists-buyers-guide https://www.gov.uk/government/consultations/prompt-payment-by-government-suppliers

## **Mystery Shopper Trends**

### Feedback from suppliers and contracting authorities

Suppliers and Contracting Authorities were issued feedback surveys following case closure. The response rate we have received from these surveys has increased this year, giving us more information to help improve the service we provide going forward.

### Suppliers' feedback

A total of 106 surveys have been sent to suppliers and we have received 47 responses, giving a 44% response rate. This has increased from 37% the previous year.

- 91% who responded rated the service Good or Excellent.
- 91% agreed that the process and case outcome was explained to them.
- Over 70% of those surveyed confirmed it was easy to find information on the Mystery Shopper service.
- 87% of those surveyed confirmed they would use the service again.
- 81% would recommend the service to others.

### Contracting authorities' feedback

A total of 129 surveys have been sent to contracting authorities that have been contacted by the Mystery Shopper team and we have had 58 responses, giving a 45% response rate. This has increased from 29.4% the previous year.

- 88% of contracting authorities who responded to the survey agreed it was a helpful route for suppliers to question procurement approach.
- 91% agreed the process and case outcome was explained to them.
- 86% of contracting authorities agreed that they found the advice and recommendations provided useful.
- 19% of contracting authorities confirmed they informed suppliers about the Mystery Shopper scheme. We recognise that this is particularly low and will work on this with contracting authorities.

Feedback identifies that the Mystery Shopper service is not widely known about, but is easy to find if there is an awareness of the service. We are undertaking a rebranding exercise with the 2018/19 FY and will be increasing our marketing activities following our name outcome. This should lead to increased awareness of the service, and see new suppliers using the service.

#### Plans for 2018/19

We will be marketing our services more to ensure suppliers are aware of the support available.

We will continue to work with stakeholders to improve our services and raise awareness of the trends identified from the issues raised.

Mystery Shopper has worked closely with the Minister for Implementation and key stakeholders on the Mystery Shopper name rebrand, future promotion of the service is planned for the autumn 2018.

We are working with supplier network groups to support suppliers through the procurement process.

Working with our colleagues in devolved governments to share best practice. Working closely with the Small Business Commissioner team and other small business support teams to assist in signposting.

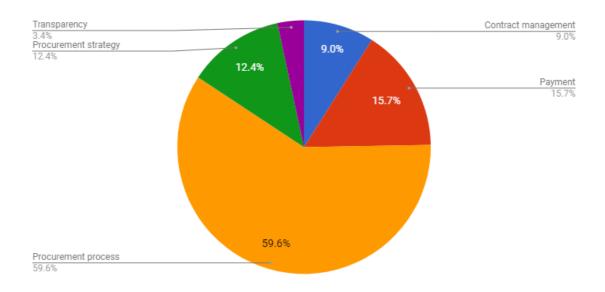
We receive positive feedback from both suppliers and contracting authorities, some of the comments are included below:

- Keep it up but spread the word
- Excellent service should be given more funds to promote its services and extended to all public sector contracts and to include and highlight supply chain issues.
- A useful service that addresses a need for firms to be able to raise concerns/give feedback without risking jeopardizing any future relationships.
- Clear communication, knowledgeable staff.
- Very quick response. Genuine interest in what we had to say. Full explanation of the outcome.
- Gives SMEs the opportunity to challenge bad tendering practice within Central/Local and OGD. 'The little man's voice has a chance to be heard!'
- The Service took the complaint seriously and engaged with the Procurement department running the procurement.
- Responded quickly, managed to find contacts at the buyer, got the information I needed to know.
- Good communications, simple explanations, fast response.
- I use examples from the reports to train staff and will be adding the link to the Councils suppliers' guide (which is currently under review).
- This is my first experience with Mystery Shopper and I found the help from them very useful. I am pleased that suppliers are able to express concerns via this route. This particular instance will make me challenge the business further before risking wasting supplier's time in the future.

# Annex A: Comparison of procurement issues within different sectors

## Wider public sector

Chart 4: Issues investigated with the Wider Public Sector



We investigated 89 cases made on wider public sector procurements. Most of the cases this year were categorised as 'Procurement Process' issues, there has been an increase from 46% to 59.6% this year. The most common issues being raised relating to the 'Procurement Process'.

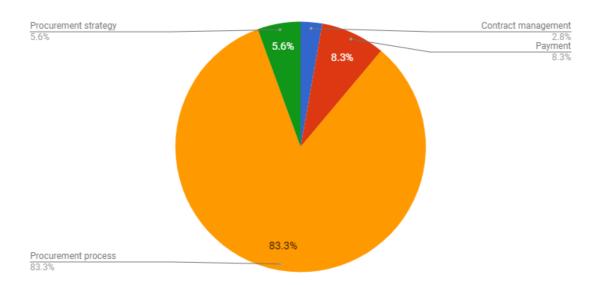
We have combined payment and contract management as the contract management issues relate to payment .Therefore, there has been a slight decrease in payment related issues from 27% to 24.7%.

The most raised issues within the Wider Public Sector have been evaluation, feedback, and payment.

We have been engaging with representatives from the NHS and Local Authorities to raise awareness of on-going issues within their sector.

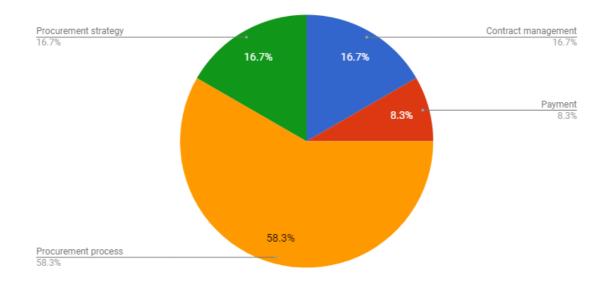
# **Central government (not including CCS)**

**Chart 5: Issues investigated within Central Government** 



The number of cases investigated within Central Government (not including CCS) has more than doubled from 14 to 36 this year. Cases categorised under 'Procurement Process' are the most prevalent in this sector this year, as this has risen from 65% to 83.3%. The 3 most frequent issues investigated with Central Government have been evaluation, payments, and feedback issues. Payment cases have risen slightly from 7% to 8.3%.





We investigated (12 cases this year) within Crown Commercial Service. Most of these cases were categorised as 'Procurement Process', which has increased from 33% to 58.3%, this has meant cases classified as Contract Management cases has dropped from 56% to 16.7%. There have been no Technology this year, whereas this accounted for 11% of the cases previously. There was one payment case and two 'Procurement Strategy' cases for Crown Commercial Service. The most common issues raised with Crown Commercial Service cases have concerned length of documentation and use of framework.