

OGC Report to the Chancellor of the Exchequer

Increasing Competition and Improving Long-Term Capacity Planning in the Government Market Place

Action Plan

December 2003



Office of Government Commerce

**INCREASING COMPETITION AND IMPROVING LONG-TERM CAPACITY PLANNING
IN THE GOVERNMENT MARKET PLACE - ACTION PLAN DECEMBER 2003**

Recommendation	Action	Timescale
<p>(i) All departments should be required to think innovatively about how best they can provide clear information on their future needs commensurate with industry lead times, engage early with key suppliers throughout the supply chain and take those supplier needs into account in their business planning.</p>	<ul style="list-style-type: none"> • OGC will liaise with departments, central bodies, sponsoring organisations and industry to determine how demand information relating to specific markets will be phased and collated. • Departments and Wider Public Sector provide information about future needs to industry and implement proposals for improving two-way communications with industry early in the procurement process. 	<p>April 2004</p> <p>From September 2004</p>
<p>(ii) Departments should systematically pool market intelligence and share strategic information about future programmes and current projects, with a view to better understanding the totality of the public sector's likely demands on industry and the nature of the market necessary to meet those demands.</p>	<ul style="list-style-type: none"> • Departments and Sponsoring Organisations to provide OGC with demand information relating to specific markets using a phased approach. • OGC to share collated demand information with departments, the wider public sector and industry. 	<p>From September 2004</p> <p>From December 2004</p>
<p>(iii) In addition to improving performance on individual procurements, both individual departments and the public sector as a whole should take a much more systematic and strategic approach to the major markets in which they operate [in order that the market is able to respond effectively and innovatively, and at an affordable price].</p>	<ul style="list-style-type: none"> • OGC to establish a Market Analysis Group that will make recommendations for more effective market management in key government markets. The work of the Group will be piloted with a specific market. • OGC to analyse industry capacity information in identified markets. • OGC to undertake sectoral market analysis for identified government markets, relating demand and supply information and analysing strengths and weaknesses. • Departments/Sponsoring Organisations to undertake sectoral analysis for markets that are of department-specific interest and recommend improvements in collaboration with the Market Analysis Group. 	<p>Established September 2004</p> <p>Results of first Pilot December 2004</p> <p>All key markets April 2005</p> <p>From September 2004</p> <p>From September 2004</p> <p>From September 2004</p>
<p>(iv) All relevant departments should be tasked with giving a stronger lead on procurement issues to the agencies, NDPBs and other wider public sector organisations they sponsor, including on the market creation and management issues at (i) to (iii).</p>	<ul style="list-style-type: none"> • Departments/Sponsoring Organisations to advise OGC on plans to ensure a stronger lead is given on procurement issues to the agencies, NDPBs and other wider public sector organisations they sponsor. 	<p>April 2004</p>

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<p>(v) All departments should continue to give high priority to the existing drive to improve client capability.</p>	<ul style="list-style-type: none"> • Departments to demonstrate improvement in their construction client capability to successfully deliver project objectives through measuring their performance against the Achieving Excellence Strategic Targets. • Departments to assess current procurement client capability as part of their Centres of Excellences' wider assessment of capability and skills in programme and project management, and to put in place improvement plans. 	<p>By April 2005</p> <p>By March 2004</p>
<p>(vi) All departments should continue to give high priority to making procurement timetables more predictable and to reducing delays in the bidding process.</p>	<ul style="list-style-type: none"> • Departments to work with OGC to make procurement timescales more predictable and to reduce the average time for government projects between the OJEU notice and award of contract by 25%, on projects currently taking more than a year - by April 2005/6, taking 2002/3 as the baseline. OGC will discuss departments' proposals and implementation plans with them. 	<p>From April 2004</p>
<p>(vii) All departments should give priority to reducing red tape in procurement and improving the attractiveness of the Government marketplace to all suppliers, including taking actions in line with the forthcoming Government response to the recent Better Regulation Task Force report – 'Government: Supporter and Customer?'</p>	<ul style="list-style-type: none"> • All public sector to implement recommendations contained within the Better Regulation Task Force report – 'Government: Supporter and Customer?' OGC to collate annual progress report. • Departments to implement recommendations contained within the Cabinet Office/OGC report '<i>Making a Difference - Reducing Bureaucracy in Central Civil Government Procurement</i>'. Cabinet Office to monitor progress. 	<p>July 2004</p> <p>Within required timescales</p>
<p>(viii) The OGC should explore three or four of the more obvious case studies of market creation - stimulating a competitive supply response to novel service requirements where a healthily competitive supply market does not already exist - with the departments or other public sector bodies involved.</p>	<ul style="list-style-type: none"> • OGC will develop and publish case studies of Market creation. 	<p>September 2004</p>
<p>(ix) The OGC should draw up guidelines on the factors that can be taken into account in reaching decisions which reduce the risk of adverse consequences arising from over-dependency, for example where a supplier may be so over-stretched by existing demand as to raise doubts about its financial capacity to deliver, or where a supplier's share of the Government</p>	<ul style="list-style-type: none"> • OGC in consultation with Departments and Industry will draw up guidelines on the factors that can be taken into account in reaching decisions which reduce the risk of adverse consequences arising from over-dependency. 	<p>April 2004</p>

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business is such that it may be deterring other potential bidders.		
(x) The OGC should research the wider applicability of Achieving Excellence principles on the make-up and management of the supply chain and draw on this and other experience to articulate and embed best practice guidance in supply chain management.	<ul style="list-style-type: none"> • OGC will develop and embed best practice on the supply chain make-up and management. 	December 2004
Monitoring Implementation of Action Plan.	<ul style="list-style-type: none"> • OGC in conjunction with Departments, central bodies Sponsoring Organisations and Industry will monitor progress of this plan 	From September 2004

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Further information

About OGC

OGC – the UK Office of Government Commerce – is an Office of HM Treasury.

OGC Service Desk

OGC customers can contact the central OGC Service Desk about all aspects of OGC business. The Service Desk will also channel queries to the appropriate second-line support. We look forward to hearing from you.

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