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## News

### Refreshing Reviews

The Gateway process has just reached the staggering milestone of its 500th review since its launch in 2001. The OGC Gateway team celebrated the achievement at a lunch hosted by Sir Andrew Turnbull, Head of the Civil Service, who has been a stalwart supporter of Gateways' from the outset.

Continual development has been a hallmark of the process with feedback from reviews being used to improve the approach, most notably with the additions of a strategic assessment (Gate 0) and Red/Amber/Green (RAG) status, which was introduced in June 2002. The time has come, however, for a full and structured review to give added impetus to this successfully embedded and thoroughly sustainable Process.

The Gateway Refresh Project, therefore, was launched at the end of May. Phase 1 - stakeholder consultation - will be complete by the end of July. The design and implementation of the agreed improvements - Phase 2 - is expected to be



The Gateway team lunch with Sir Andrew Turnbull

completed by the end of December 2003. The two main planks of the review are to improve and build on success without compromising the successful design elements of current process and to actively engage the views of stakeholders. Already very positive and useful contributions are emerging from the consultation phase confirming clear support from customer departments for further developments. Suggestions so far include looking at how the process applies to programmes, reviewing and revising the initial Project Profile Model risk assessment, and providing improved guidance to support the existing flexibilities within the process.

For further information contact: [Derek.baker@ogc.gsi.gov.uk](mailto:Derek.baker@ogc.gsi.gov.uk)

## S-Cat Revised

S-Cat, the collective name for government Business, Professional and IT Services Framework Agreements, has been revised. The new Agreements enhance the original S-Cat arrangement, which was set up in 1997, and see an expansion of categories and services, with over 170 companies offering services across a multitude of disciplines. They offer both central government and the wider public sector a wide range of consultancy and business services via five distinct elements:

- IT Consultancy, Services & Related Products including GIS
- Financial Services
- Management & Business Consultancy
- Human Resources Services
- Business Information & Research

The public sector annually spends over £300 million through S-Cat. With average savings of 10% being realised through the previous S-Cat agreement, value-for-money savings of between £30 million and £35 million are anticipated over the next financial year (03/04), with potentially greater savings in the future as more departments take advantage of the deal. The revised S-Cat agreement forms part of OGC's response to the NAO Report, *Purchasing Professional Services* (<http://www.nao.gov.uk/pn/00-01/0001400.htm>), and will contribute to these savings through the inclusion of Professional Services categories such as Human Resources (including Recruitment, Interim Management and HR-related consultancy) and Financial Services (including Accountancy, Audit and Finance-related consultancy). Among the new categories included are Geographic Information Services and Systems (for further information see <http://www.ordsvy.gov.uk/>)

## OJEU Notice placed for E-auction Service

OGCbuying.solutions has placed an OJEU notice which will lead to a framework agreement for the provision of a comprehensive electronic reverse auction service. The service will include the technical platform, the management of events and other supporting services such as maintaining lists of pre-qualified suppliers and service providers. It is intended that the framework agreement will be concluded with more than one supplier.

## OGC Trials 'Common IT Language'

Assessment trials are underway to find the most effective way to allow computers running different purchasing software packages to 'talk to each other'. This is a joint initiative from Office of Government Commerce (OGC) and the Business Applications Software Developers Association (BASDA).

For more information, please see the press release at: <http://www.ogc.gov.uk>

## A Revitalised Rethinking Construction

The construction industry could save billions of pounds by following the principles of the Rethinking Construction programme. A new report, published on 9 July, documents the progress of all 374 active and completed Rethinking Construction demonstration projects. It shows that if just one third of the industry applied the principles of Rethinking Construction to their projects, client construction costs could be reduced by £1.4 billion; the cost of accidents could be reduced by £1.2 billion; and organisations could deliver an additional £446 million in profit.

The Rethinking Construction organisation will now be known by a new name - Constructing Excellence. The move reflects the merging of the DTI's Construction Best Practice Programme with Rethinking Construction. Professor Dennis Lenard was appointed as Chief Executive of the new organisation. For the full press release see:

<http://www.wired-gov.net/EDP8203R7W/cgi-bin/frameset.pl?ld=18365>

## PM's Better Public Building Award Shortlist Announced

The projects shortlisted for the 2003 Prime Minister's Better Public Building Award were announced by Lord Falconer on 18 June. This prestigious Award is jointly sponsored by the Commission for Architecture and the Built Environment (CABE) and OGC, and celebrates the excellence achieved both in design quality and procurement practice. It is made annually, as part of the British Construction Industry Awards, to a new building project of any size, commissioned by, or on behalf of, a central or local government body or by a grant-aided organisation. John Ioannou, Assistant Director in OGC's P&C Best Practice Development Centre is an adviser to the Judges for the Award.

This year's shortlist reflects the diversity of schemes, both in size and significance, and includes the Treasury's building in London, the City of Manchester Stadium and an Under 5s Centre in Edinburgh. Details of all the schemes can be found at [www.betterpublicbuildings.gov.uk](http://www.betterpublicbuildings.gov.uk). The common factor in each is their good quality design, construction, financial management, procurement methodology and social and environmental sensitivity. Good procurement and good design go hand in hand. Good design is not a 'beauty parade' and it is not a costly luxury. Over the lifetime of a building the construction costs are unlikely to be more than 2-3% of the total costs of the business that exists within it. The ongoing operating costs of running a public service constitute over 85% of the total. The design cost element, which is likely to be only around 0.3-0.5% of the total cost, will have a major impact on the 85% figure. So, the quality of that design is crucially important to achieving whole-life value for money. The projects shortlisted for this year's PM's Award are shining examples to emulate and to learn from. This year's winner will be announced in October.

## Promoting Procurement Excellence in DWP

The Department for Work and Pensions (DWP) Commercial Director, David Smith, is launching a new work programme aimed at developing professional and non-specialist procurement staff across DWP. The new "Procurement People Development Board" will meet this summer to agree a strategy, which will promote key technical procurement competencies and support career planning and development. David says, *"I want to develop processes which promote key technical procurement competencies and release individuals' potential"*. David's plans will be revealed in the Autumn.

To find out more talk to Dave Welch on 0207 391 1617 or email [dave.welch@dwp.gsi.gov.uk](mailto:dave.welch@dwp.gsi.gov.uk)

# PFI Policy Announcement

HMT have published a document that sets out its commitment and approach to PFI. There are a number of policy changes proposed.

- The government will continue with PFI for major projects such as hospitals, schools, transport, defence etc.
- PFI will not be used in future for IT or very small deals
- PFI will be considered for social housing, prisons estates, urban regeneration and waste management. [Page 8](#)

# Race Equality in Public Procurement

The Commission for Racial Equality has published two guides - one for local government and one for all other public authorities - on race equality in public procurement. They set out what authorities can do to meet their responsibilities under the duty to promote race equality. There are also accompanying guidelines and a joint CBI-CRE briefing for suppliers. [Page 10](#)

# Building Confidence in E-auctions

Electronic auctions will be regulated by the proposed new EC public procurement Directive thus providing greater clarity for procurement professionals and greater protection for suppliers. This should reassure contractors, particularly in the construction industry, who have expressed concern that they could mean a step backwards to awarding contracts solely on the basis of lowest price. In the meantime, although there is no explicit discussion of electronic auctions in the current Directive, they can be compatible with the procedures the Directives describe, and can be used at present. [Page 12](#)

# Small Suppliers – Big Business

OGC and the DTI's Small Business Service (SBS) recently launched a website entitled "Supplying Government" [www.supplyinggovernment.gov.uk](http://www.supplyinggovernment.gov.uk). They have also published *Smaller Supplier...Better Value?* to encourage public sector buyers to consider using smaller suppliers. OGC's Revised Supplier Financial Appraisal Guidance also advocates a more flexible approach to financial appraisal. Both documents can be obtained through the OGC Service Desk on 0845 000 4999 or by emailing [Service.Desk@ogc.gsi.gov.uk](mailto:Service.Desk@ogc.gsi.gov.uk) or from the website.

The Better Regulation Task Force (BRTF) and Small Business Council (SBC) recently published *Government: Supporter and Customer?* (<http://www.brta.gov.uk>) a joint report on the difficulties that SMEs face in doing business with the public sector. OGC is co-ordinating a response for submission by the end of September 2003. It will be published on the BRTF's website in the autumn. In taking forward the recommendations from the BRTF/SBC report, OGC and the SBS have started work on two SME Procurement Pilots which will be evaluated after 12 months. [Page 14](#)

# New Achieving Excellence in Construction Guides

OGC has released the first tranche of its major, new suite of Achieving Excellence in Construction (AE) Procurement Guides. The suite underpins the future AE strategy, aligns with OGC's Gateway Review process and forms a key component of the Successful Delivery Toolkit. It will consist of two high level documents together with three core and eight supporting documents. [Page 16](#)

# Update on Sustainable Procurement

Report on the implementation of the recommendations of the Sustainable Procurement Group. Key points are:

- The guidance on green purchasing, which tells buyers how to incorporate environmental requirements, is being redrafted.

- The report recommends some 'Quick Wins' where energy efficient and lower impact products are available now.
- OGCbuying.solutions has arrangements to supply acceptable products. Or Departments can make their own arrangements.
- A pilot website is being developed to provide sustainable product information. [Page 20](#)

## Making Procurement 'sustainable'

In the short-term, buying cheaper products may look good on the balance sheet, but it does little to encourage suppliers to be responsible in their sourcing of raw materials, production methods or processes. The Department for Work and Pensions is encouraging its staff to source in a way that will have a minimal impact beyond the production process.

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## New multi-media tool gets to the heart of green matters

The Environment Agency has issued a groundbreaking interactive multi-media training tool to its top 500 suppliers to increase their awareness of the financial and PR benefits of environmental business 'best practice'. The product is relevant to anyone with a role in companies' environmental issues. The user plays a learning game across a virtual company's key departments', earning green points. By the end of the training the user has built a business case for environmental management and is able to access suggested action cards relevant to their own organisation.

For further information visit [www.greenmatters.org.uk](http://www.greenmatters.org.uk) [Page 24](#)

### People & Events

## Chancellor Visits Trevelyan House

On 2 July, the Chancellor, Gordon Brown, visited OGC to mark the official opening of Trevelyan House following its refurbishment. Having been shown around the building by Peter Gershon and Sally Fryer, Head of Government Market Team, he gave a short speech about the importance of OGC's role and then spent some time meeting and chatting with staff.



The Chancellor talking to Peter Gershon and Ian Glenday, Executive Director, Gateways

## Gill Wins Top Prize

At its recent Graduation Ceremony, CIPS presented the Land Registry's Gill Copple with its highest accolade, the Diamond Jubilee Prize. Gill studied for the professional stage of CIPS' Graduate Diploma with the Centre for Management and Policy Studies (CMPS), helped by a grant from OGC which met half her fees. [Page 28](#)

## Department for Work and Pensions Wins RICS Awards

DWP have won two awards for their pioneering work with Land Securities Trillium in developing the public-private partnership for the management of the DWP estate. [Page 32](#)

## Delivering your Achieving Excellence Targets

OGC and the government construction client working together to enable the delivery of the Achieving Excellence in Construction Strategic Targets was at the heart of the latest Property and Construction Forum held in June. Delegates heard how the improved structure of OGC, as set out in the Medium Term Strategy, together with the 'Building on Success' initiative, has lent added impetus to the Property and Construction Team's efforts in meeting the targets.

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# Centres of Excellence / Implementers Networking Event

The Centres of Excellence / Implementers Networking Event was held at the breathtaking Lancaster House in St. James's on the 10th July 2003. This event saw the amalgamation of two communities of interest within Central Government: the Implementers Network, a community interested in sharing best practice, experience and knowledge of programme and project management, and the Centres of Excellence community, tasked with establishing and embedding Centres of Excellence within their Departments.

The Implementers Network was initiated through the SPRITE Programme and the first event held in April 2001. Despite the programme closing in March this year, the success of the Implementers Network and the quarterly events that support the network, have been recognised as an extremely effective communications channel.

In December 2002 Cabinet ministers agreed six actions that targeted areas of weakness in the delivery of programmes and projects. To facilitate this, the Centres of Excellence events were initiated in January 2003 to enable OGC to drive forward the actions and give Central Government organisations the opportunity to network with their colleagues, enabling the sharing of knowledge and experience.

The 10th July 2003 event has been rated a success by the 170+ delegates that represented 65 Central Civil Government and 7 organisation from Devolved States, who were in attendance. Of the delegates that completed the feedback form, 68% thought that the subject material was innovative, 78% thought that the sessions enabled effective networking across Government, and overall the event received a 96% satisfaction rating.

## Future event

The next event will take place in the Congress Centre in London on the 2nd October 2003, and will seek to match the standards set at the last event. An initial plenary session will be followed by workshops. There is also a competition running at present to rename this event with a bottle of Champagne for the winner, as the current title is rather long. If you have any ideas, please send them to [ECOIE@ogc.gsi.gov.uk](mailto:ECOIE@ogc.gsi.gov.uk). The prize winner will be announced in the next few months.

If you would like more information on this event, or the Centres of Excellence initiative, please visit the Embedding Centres of Excellence website at <http://www.ogc.gov.uk/index.asp?id=1000329> or contact the Embedding Centres of Excellence Team through the OGC ServiceDesk on 0854 000 4999.

## Future Events

Date	Event	Location
4 Sept	The New EU Directive – What Next? Contact: Heidi Roberts Tel 0151 672 2365 Link: <a href="#">EU Procurement Event</a>	Cardiff University
17 Sept	The New EU Directive – What Next? Contact: Heidi Roberts Tel 0151 672 2365 Link: <a href="#">EU Procurement Event</a>	London
2 Oct	COE/ Implementers Networking Event Contact: OGC Service Desk Tel 0854 000 4999 Link: <a href="http://www.ogc.gov.uk/index.asp?id=1000329">http://www.ogc.gov.uk/index.asp?id=1000329</a>	Congress Centre London
5-16 Oct	European eGovernment 2003 Conference Link: <a href="http://www.bipcontracts.com/events/euro_proc_conf_03/programme.htm">http://www.bipcontracts.com/events/euro_proc_conf_03/programme.htm</a>	ICE 1 Great George Street

23 Oct

Programme and Project Management (PPM) Specialism: Inaugural Conference

Contact: Karen West

[karen.west@ogc.gsi.gov.uk](mailto:karen.west@ogc.gsi.gov.uk)

Tel: 01603 704571

Link: <http://www.ogc.gov.uk/>

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## PFI Policy Announcement

**HM Treasury has published “PFI: Meeting the Investment Challenge” on the evolving role of PFI in delivering cost effective investment in public services.**

The document sets out the Government’s approach to PFI, provides detailed analysis of the performance of the PFI programme to date and outlines a number of proposals to ensure the effective capture of value for money benefits including:

- reforms to improve the assessment of value for money appraisal including reforms to the Public Sector Comparator. These changes mean that there is greater clarity on transferring soft services staff to ensure that application of value for money does not come at the expense of employee terms and conditions;
- measures to improve the procurement process, including more rigorous enforcement of standardisation, the accreditation of advisors, new models of procurement and greater transparency;
- proposals to revise the scope of PFI by exploring new applications eg - in social housing, urban regeneration and waste and by using conventional procurement methods in areas such as IT and small value projects.
- investigating the potential for new methods of financing projects, eg, through “framework funding” for small PFI schemes bundled together and by piloting the potential for using credit guarantees as an additional means of funding PFI projects.

Consultation will be undertaken with Departments and other stakeholders on guidance for the new value for money appraisal process and on a level of capital expenditure below which alternative means of procurement will be pursued.

‘PFI: Meeting the Investment Challenge’ is available on the [Treasury website](#).

Also published is a study by Pricewaterhouse Coopers for the OGC on the rates of return bid by private sector participants in the PFI market. The study, which analysed 64 projects in a number

of different sectors between 1995 and 2001, showed that the cost of financing PFI deals has fallen steadily as the PFI market has developed.

This is available on the PWC website.

## Figures

Total investment to rise to more than £47bn by 2005/6

PFI is 10%-14% of total annual investment in public services since 1997

Investment in 2003/04 through PFI is expected to be around £4.6bn

Almost 60% of PFI projects are on-balance sheet, i.e. classified to the public sector.

To date, the Government has closed 563 PFI deals with a total value of over £35bn.

## **Race equality in public procurement**

The Commission for Racial Equality has published two guides - one for local government and one for all other public authorities — on race equality in public procurement. They set out what authorities can do to meet their responsibilities under the duty to promote race equality.

There are also accompanying guidelines and a joint CBI-CRE briefing for suppliers.

### **Race equality and public procurement**

Guide for public authorities and contractors which expands and develops the guidance in CRE's code of practice and accompanying guides, in relation to procurement. Sets out in more detail what public authorities can do to meet their responsibilities under the duty. (2003) 100pp. ISBN 1 85442 525 0. £15.00

### **Public procurement and race equality — guidelines for public authorities**

Summary of the main steps required to incorporate race equality into procurement, and the key outcomes public authorities should seek to achieve. (2003) 6pp. ISBN 1 85442 528 5. FREE

### **Race equality and procurement in local government**

Guide for authorities and contractors which expands and develops the guidance in CRE's code of practice and accompanying guides, in relation to procurement. Sets out in more detail what local authorities can do to meet their responsibilities under the duty. (2003) 112pp. ISBN 1 85442 524 2. £15.00

### **Public procurement and race equality — guidelines for local government**

Summary of the main steps required to incorporate race equality into procurement, and the key outcomes local government authorities should seek to achieve. (2003) 6pp. ISBN 1 85442 527 7. FREE

## Public procurement and race equality — briefing for suppliers

A joint CBI-CRE publication, the brief offers advice on how external providers can respond to public authorities' race equality. Its emphasis is on sound procurement to make sure that the race equality elements of value for money and service quality are handled well (2003) 4pp. ISBN 1 85442 531 5. FREE. (Published jointly with the CBI.)

For further information visit <http://www.cre.gov.uk/>

## Building Confidence in E-auctions

**Concern has been expressed by some in the construction industry about the use of electronic auctions, which are explicitly addressed for the first time in a proposed new EC public procurement Directive. However, there are several important facts about what this new provision actually means, and the effect it will have, which have not been given sufficient prominence in discussions of electronic auctions and the construction industry. OGC's Successful Delivery Directorate, outline the key points.**

### Permissive not Prescriptive

It is very important to understand that the article on electronic auctions in the new Directive in no way produces an obligation on public sector bodies to use electronic auctions. All it does do is make clear that such procurement methods are permissible, and sets out procedures to govern their conduct. We feel it to be very important that the new Directive allows as much flexibility as possible for public bodies, especially in developing areas like e-procurement, in order to allow for future developments. This flexibility is essential given the time required to bring about changes in EC legislation. Electronic auctions have brought significant benefits to utilities and other private sector companies and we would not want to deny the public sector the option of using this tool in the right circumstances, where it will aid the achievement of value for money. We recognise, however, that for many complex procurements e-auctions will not be appropriate.

A further point to note is that although there is no explicit discussion of electronic auctions in the current EC public procurement Directives, they can be compatible with the procedures the Directive describe, and can be used at present. By containing an explicit provision on electronic auctions, the new Directive will regulate their use by public sector bodies covered by the Directive, and therefore provide greater protection for contractors.

### Value for Money remains Government policy

Probably the greatest source of concern has been the fear that electronic auctions will mean a step backwards to awarding contracts solely on the basis of lowest price, with all the problems that this would entail. However, it is the Government's firm policy that contracts should be awarded on the basis of value for money – taking into account quality and whole-life costs, not

just initial purchase price. It is for this reason that during the negotiations we ensured that issues other than price could be given full weight in the tendering process where an electronic auction is used. This is achieved by first holding a normal evaluation of bids, then using an electronic auction for those criteria susceptible to such a process (ie, those that can be suitably quantified). All the relevant value-for-money criteria can therefore be given due consideration in awarding the contract. E-auctions are not Dutch auctions.

## **Government remains committed to the Achieving Excellence initiative**

Speaking, earlier this year, at the conference launching the next phase of the Achieving Excellence in Construction initiative - Building on Success - Peter Gershon, OGC's Chief Executive, underlined the Government's commitment to the Achieving Excellence principals. These include, procurement based on whole life cost, not lowest price; collaborative working through integrated procurement teams and established supply chains; long-term relationships; and standardisation.

## **Encourages Best Practice**

Many of the complaints levelled at electronic auctions focus on poor practice in their application. By ensuring, amongst other things, that tenderers are provided with adequate information and time during the whole tendering process up to and including the auction, that there is no discrimination, and that the whole process follows a transparent procedure that is known in advance, many of these problems will be avoided. In addition, if the rules are not complied with, contractors will have recourse to legal proceedings.

Best practice in the use of e-auctions will be developed and promoted further through guidance from the OGC's E-Commerce team. OGC's view is that the experience of departments who have been using electronic auctions has been hugely positive with significant value-for-money efficiencies delivered without detriment to the relationship with the bidders. This is the result of an excellent approach by departments to the entire procurement process which is vital if the auction is to be successful. This makes for greater transparency for bidders and a very inclusive bidding environment. OGC will be encouraging departments to step up their use of auctions and apply the best practice that accompanies successful tendering with auctions.

The proposed new Directive also represents important steps forward in other areas. For example, the new competitive dialogue procedure, which provides for dialogue between purchasers and suppliers throughout the procurement process, will be of great benefit in complex procurements such as PFI and PPP projects (which would not lend themselves naturally to electronic auctions). Clarification of how framework agreements should be awarded, and of the scope to consider environmental issues during the procurement process, is also provided.

For further information contact: [Caleb.deeks@ogc.gsi.gov.uk](mailto:Caleb.deeks@ogc.gsi.gov.uk)

## Small Suppliers – Big Business

**Small and Medium-sized Enterprises (SMEs) are an important sector of UK business. In the UK there are approximately 3.75 million SMEs of which 1.5 million are sole traders. This represents around 99% of UK businesses. The Government is keen to support and encourage this sector of the market in the belief that by achieving greater involvement of SMEs in the government marketplace there will be wider benefits to the economy, thereby promoting competition and innovation in government procurement.**

OGC is working hard to achieve this and is currently heavily involved in several projects aimed at both improving efficiency in procurement activities and encouraging effective competition, by making the government marketplace more attractive to suppliers of all sizes, including SMEs.

### Website

OGC and the DTI's Small Business Service (SBS) recently launched a website entitled "Supplying Government" ([www.supplyinggovernment.gov.uk](http://www.supplyinggovernment.gov.uk)). This is a joint OGC/SBS project and provides a single point for information on selling to government, policy and law, and contact details of organisations that can help. Feedback suggests that the website has been well received by the supplier community as a whole, but that it is particularly beneficial for SMEs who find that one of the main barriers to entering the government marketplace is getting information on how to work with government.

As well as the website, OGC and the SBS have jointly published *Smaller Supplier...Better Value?* This encourages public sector buyers to consider whether smaller suppliers can better serve their procurement needs. In addition, the OGC's Revised Supplier Financial Appraisal Guidance advocates a more flexible approach to the financial appraisals of suppliers, based on each individual requirement, rather than using a standard process. Both of these documents can be obtained through the OGC Service Desk on 0845 000 4999 or by emailing [Service.Desk@ogc.gsi.gov.uk](mailto:Service.Desk@ogc.gsi.gov.uk). They can also be obtained from the OGC/SBS website (address above).

### Better Regulation Task Force

The Better Regulation Task Force (BRTF) and Small Business Council (SBC) recently published a joint report entitled *Government: Supporter and Customer?* This report to government considers the difficulties that SMEs face in doing business with the public sector - from procurement to payment - in both local and central government and the extent to which small business participation in the public sector market should benefit the economy as a whole.

The report makes 11 specific recommendations to eliminate and address many of the key obstacles that may prevent SMEs from participating in the government marketplace. The Chief Secretary to the Treasury is sponsor minister for the report and is therefore required to respond formally to all of the recommendations contained within the report within a 60-day period. This response is being co-ordinated by OGC for submission to the Task Force at the end of September 2003. Government's response will then be published on the BRTF's website in the autumn. The report can be downloaded from their site at <http://www.brft.gov.uk/>

## **Procurement Pilots in West Midlands**

In order to take forward some of the recommendations from the BRTF/SBC report, OGC and the SBS have started work on two SME Procurement Pilots. One Pilot will target the West Midlands and the other will be in Haringey in north London. In the West Midlands, OGC will work closely with Advantage West Midlands, the Government Office for the region, and the SBS to make procurement strategies more accessible and transparent to smaller companies. In particular the West Midlands pilot will undertake to:

1. Advertise more widely procurement opportunities below the EC threshold of £100k. (BRTF Recommendation 1)
2. Facilitate advice and training for small and medium-sized enterprises on how to do business with central government. (BRTF Recommendation 3)
3. Pilot common core pre-qualification information for lower value contracts. (BRTF Recommendation 5)
4. Promote the OGC Procurement Code of Good Practice. (BRTF Recommendation 6)
5. Work with Prime Contractors to enable opportunities for small and medium sized enterprises throughout the supply chain. (BRTF Recommendation 9)

There will be an early evaluation of the lessons learned from these pilots after 12 months.

For any further information on any of the projects please contact the OGC Service Desk or visit the [OGC](#) website.

## New Achieving Excellence in Construction Procurement Guides

**OGC has released the first tranche of its major, new suite of Achieving Excellence in Construction (AE) Procurement Guides.**

In the first edition of GC Forum you will have read about the launch, earlier this year by the Chief Secretary to the Treasury, of the future strategy for AE and its two strategic targets for the improvement of construction procurement by government clients to ensure that best whole-life value is delivered.

The AE Strategic Targets call for quality construction projects to be delivered on time, within budget, with no defects, exceeding customer expectations and also for the time taken for the procurement stage to be reduced. These are challenging but achievable targets, to be delivered over the next 2 years.

The aim of the future strategy is to encourage the further embedding of the AE principles within government – to paraphrase the well-known advertisement, “to reach the parts the initial phase of AE has not reached”. OGC is well aware that, if the future strategy for this initiative is to work and the targets are to be delivered, it will need to provide support mechanisms to assist the process. To this end, OGC has been and will continue working with government construction clients to agree the most appropriate way of meeting their needs.

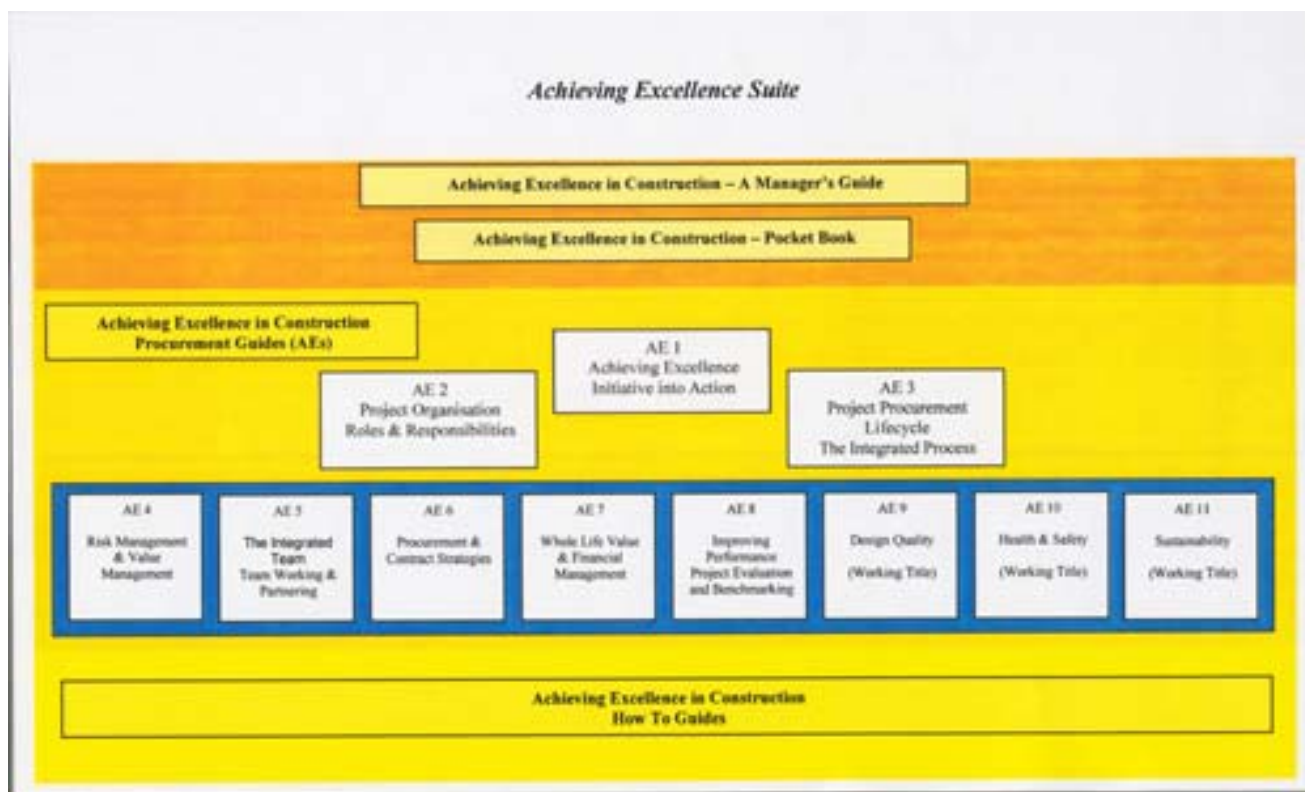
### Progress to Date

The first tranche of the new AE Procurement suite of Guides illustrates how well this process is working. The suite underpins the future AE strategy, aligns with OGC’s Gateway Review process and forms a key component of the Successful Delivery Toolkit.

It was clear from the review of the initial phase of AE that the original Construction Procurement Guides produced since 1999 – known as the ‘PGs’ to those who used them - were considered helpful. However it was clear, and feedback supported OGC’s view, that there was a need to update the material to reflect the culture of AE, also to provide high-level summary material and

some practical “how-to” guidance in certain areas.

The suite – illustrated in the diagram - will consist of two high level documents together with three core and eight supporting documents as follows:



## High level

*A Manager's Checklist* - outlines the key questions that a Senior Responsible Owner (SRO) should ask about a construction project in addition to the questions described in the companion document *The Gateway Process: A Manager's Checklist*.

The first part of this document outlines the main considerations for a construction project. The second part sets out the essential questions about health and safety, sustainability, design quality and the integrated project team that should be considered by the SRO before each of the Gateway Reviews.

*Construction Pocketbook* – provides a brief overview of procurement for construction projects. It explains the key considerations for this type of project and outlines the main project stages aligned to the Gateway process. The essentials of the project are summarized – project management, risk and value management, integrating the project team, procurement strategy, *whole life* costing, performance measurement, design quality, health and safety aspects and sustainability - together with pointers to more detailed sources of advice and guidance.

## Achieving Excellence in Construction Procurement Guides

## Core guides

- Achieving Excellence Initiative into action (AE1)
- Project organisation (AE2)
- Project procurement lifecycle (AE3)

## Supporting guides

- Risk and value management (AE4)
- The integrated project team teamworking and partnering (AE5)
- Procurement and contract strategies (AE6)
- Whole-life costing and cost management (AE7)
- Improving performance project evaluation and benchmarking (AE8)
  
- Design quality (AE9) – in preparation
- Health and safety (AE10) – in preparation
- Sustainability – to be prepared

## “How-to”

“How-to” guides will be published, or existing guides referenced, on topics where clients require further detail.

The diagram shows some areas currently under consideration. Any suggestions for guidance areas should be sent to John Ioannou, Assistant Director Property and Construction Best Practice Development Centre (phone:020 7271 2722 or email: [john.ioannou@ogc.gsi.gov.uk](mailto:john.ioannou@ogc.gsi.gov.uk))

The Checklist, Pocketbook and first eight of the Guides were published in July. The remaining three Guides, Design Quality, Health & Safety (an updated version of CPG10) and Sustainability and hard copies of all the guides will be available in due course from the OGC Service Desk by telephoning 0845 000 4999 or by e-mail at [ServiceDesk@ogc.gsi.gov.uk](mailto:ServiceDesk@ogc.gsi.gov.uk). Electronic versions are available in the OGC Successful Delivery Toolkit via the OGC Website at <http://www.ogc.gov.uk/sdtoolkit/reference/achieving/achievin.html#aeinit>.

## More OGC Help for Clients

OGC is also helping government clients in a number of other ways. These include the provision of Consultancy services, the Successful Delivery Toolkit, Gateway reviews, Successful Delivery Skills and the establishment of programme and project management Centres of Excellence. They can all also be accessed via a call or an email to the OGC Service Desk, or via the OGC website at [www.ogc.gov.uk](http://www.ogc.gov.uk).

## Achieving Excellence Together

While significant progress has been made since the introduction of Achieving Excellence in 1999, there is still plenty of room for improvement. The increased level of spending on public services, announced in the 2002 Spending Review, offers a real opportunity for government clients working in partnership with and supported by OGC, to deliver construction projects faster, better, more safely, with a positive impact on the surrounding environment, and at best whole-life value; in other words, to ensure Value for Money and improve the delivery of public services.

## Update on Sustainable Procurement

- The recommendations of the Cross-Departmental Sustainable Procurement Group (SPG) have been accepted, with some minor points, by the Secretary of State for the Environment, Food and Rural Affairs, the Chief Secretary to the Treasury (CST) and the Deputy Prime Minister.
- Public Sector Expo (14-15 May), a major event for public sector buyers organised by OGCbuying.solutions and NHS PASA, featured sustainable procurement strongly, including in Peter Gershon's keynote speech and two sustainable procurement seminars.
- Progress on the four headline recommendations of the SPG is as follows:

### Recommendation 1: Statement of Government commitment to sustainable procurement

OGC and DEFRA are now working on redrafting the existing joint note on environmental issues in purchasing. This is the main reference document on green purchasing for buyers across the public sector. SPG recommended that it should be redrafted with more positive language.

It will tell buyers how to incorporate environmental requirements into the procurement process but not what to buy. It will provide some information on social considerations but further guidance on this will be added after more work by SPG later in the year.

There are plans for the new joint note to be accompanied by a joint statement from the CST and SoS EFRA signalling commitment to sustainable procurement across central departments and executive agencies. The aim is to publish before the summer recess

### Recommendation 2: Quick wins for green procurement

The SPG report identified over 30 product areas where products, which meet high environmental standards, are already widely available, generally at little or no extra cost.

The availability of "quick win" products has already been trailed in the Energy White Paper. OGCbuying.solutions has arrangements in place to supply these products across Government

under contracts which already offer value for money. These are being actively publicised. [http://www.ogcbuyingsolutions.gov.uk/environmental/environmental\\_quickwins.asp](http://www.ogcbuyingsolutions.gov.uk/environmental/environmental_quickwins.asp) The next step may be a firm commitment to purchase them but that will be a matter for Departments not OGC. A joint letter to ENV from CST and SoS EFRA seeking agreement from Departments is being prepared.

### **Recommendation 3: Rolling out green commitments across the Estate**

ENV(G) received a presentation on 2 April from the Chair of SPG, Clare Poulter and approved SPG's proposal that departmental level commitments should be developed under the existing vehicle for improving the sustainable performance of the Estate (The Framework ). This should ensure follow-through at departmental level of the high level commitment signalled via the joint note on sustainable procurement above.

It is planned that commitments should be strategic rather than prescriptive. For example, securing commitments to departmental environmental purchasing policies and use of environmental risk assessments for larger procurement projects will be a priority. This approach has the potential to influence a much wider range of purchasing than the "quick wins" over the medium to long term.

### **Recommendation 4: Online advice to buyers**

A comprehensive sustainable product information website is envisaged to support buyers – helping them identify what is available and what specifications to insert in contracts. OGCbuying.solutions, with support from DEFRA, are proceeding with development of a pilot site, and will continue to support this initiative if Departments give positive feedback on the value and usefulness of such an information resource. WRAP (Waste Resources Action Programme) <http://www.wrap.org.uk/> have also offered support for the website.

## Making Procurement 'sustainable'

**"We aim to ensure that our policies and work programmes are truly sustainable and that we maximize our contribution to economic, social and environmental improvement, the three pillars of sustainable development." John Codling, Finance Director, DWP.**

### What is sustainable development?

The 'UK Strategy for Sustainable Development' defines it as:

- social progress, which recognises the needs of everyone
- effective protection of the environment
- prudent use of natural resources
- maintenance of high and stable levels of economic growth.

### What does it mean for procurement?

DWP has already made considerable progress in promoting sustainability through its relationships with a range of partners – for example, the stationery contract set up in 2001 by DWP and OGC to provide a wide range of recycled goods. But, according to the Department's second annual [Sustainable Development, Energy and Environment Report](#), take up of these alternatives by members of staff has been disappointing. As a result, emphasis has also been placed on encouraging their understanding of the situation.



### Conflict of interests?

DWP's Sustainable Development Team Leader, Richard Fountain, believes that sustainable development requirements should be included at the earliest stage of the procurement process. *"There is no conflict between sustainable development objectives and value for money,"* said Richard. *"We now have the scope to buy products which are both. Therefore, those products with initial prices that are higher than non environmentally-friendly products no longer have to be disregarded."*

*"It is important that our customers know this and understand that when ordering stationery or other products, they can make a contribution to efforts to be greener."*

## **Every Little Helps**

DWP has recently issued a new policy statement to ensure that all its employees abide by the directive, which includes plans for the Department to promote and monitor continual improvement. How? By integrating sustainable development into procurement activity, educating and motivating staff and contractors to operate in an environmentally-friendly manner and conserve resources wherever possible.

*"Currently there remains a choice between green and unsustainable products,"* said Richard. *"For instance, the recycled paper we commission is perfectly suited to the vast majority of our printers and photocopiers, but carries a slightly higher premium. Staff just need to appreciate that a small compensating reduction in consumption, which also means addressing wastage, would enable the green alternative to be cost neutral."* DWP has therefore put in place a series of sustainable development targets to address the delivery of the Department's policy and objectives on procurement, consumption and waste.

Richard added: *"If staff can make these adjustments on a permanent basis we can effectively cease to purchase any product that does not, at least, take the environment into consideration."*

To find out more email: [richard.fountain@dwp.gsi.gov.uk](mailto:richard.fountain@dwp.gsi.gov.uk)

## New multi-media tool gets to the heart of green matters

The Environment Agency has issued a groundbreaking training tool to its top 500 suppliers to increase their awareness of the financial and PR benefits of environmental business 'best practice'. It heralds a significant step forward in environmental training, creating an impressive interactive multi-media environment to engage, educate and influence users on the impact of environment issues in business.

The innovative **GreenMatters** CD-rom, launched by Eco Training Limited with support from the Agency, is targeted primarily for use by businesses and those working towards the NCFE vocational qualification "Advanced Certificate for the Environmental Practitioner". NCFE is one of the UK's longest established and fastest growing awarding bodies. They offer a range of vocational qualifications and customised awards through schools, colleges, adult education centres and training providers.

In a session lasting around 2 - 3 hours, participants use a role-play scenario to explore the effects of environmental issues upon a business and the impacts of wide-ranging environmental regulations.

Users work their way through four directorates - finance, legal, marketing and procurement - and encounter a rich variety of situations and challenges that demand decisions or actions. Comprehensive filing cabinets provide a wealth of reference information, with drawers opening and closing on demand.

The creators have used every ounce of imagination in keeping participants involved. A deft mix of narrated video, animated cartoons and special effects which maintain the momentum, ensure that even "heavy" areas such as environmental legislation raise a smile and bring down-to-earth learning techniques to the forefront.

And it's hard to cheat! Moving from one office to another involves unlocking combinations (through providing correct answers to short tests), and there is cross-referral between other employees on how the new MD is doing. There's a high degree of personalisation and the program makes good use of a full range of training techniques: baselining, continuous testing,

knowledge consolidation, review and progress rating.

Upon completion, would-be managing directors will have seen exactly where there are savings to be made in a real-life company, and how efficiency, image, regulatory compliance and political expediency can all contribute to company's bottom line - and the nation's ecology. They go away with a personalised Business Case justifying greater attention to environmental matters - and will have a greater understanding of very real business impacts of environmental issues.

On-line ordering and more information on the **GreenMatters** CD-rom are available at [www.greenmatters.org.uk](http://www.greenmatters.org.uk). The introductory price is £99 including VAT. Electronic graphics of **GreenMatters** are available by emailing mailto:[colin.levy@environment-agency.gov.uk](mailto:colin.levy@environment-agency.gov.uk)

## NetRegs

The Agency's online initiative NetRegs, designed to help small businesses understand environmental legislation and become greener, features prominently in the training tool. The free web-site, [www.environment-agency.gov.uk/netregs](http://www.environment-agency.gov.uk/netregs), breaks down complex environmental legislation into easy-to-use sections enabling businesses to quickly find the elements relevant to their industry sector.

## The Benefits of Greener Business

Benefits to environmentally-sound businesses have recently been assessed by the Agency in a national research report, The Benefits of Greener Business. This report indicates that British manufacturing could increase profits by £2 - £3 billion per year if environmental best practice was made standard. In addition to the financial benefits of 'good housekeeping' such as reducing waste disposal and minimising costs from raw materials and resources, the report also highlights the PR benefits garnered by many suppliers in providing clients an environment management plan.

## New Faces for OGC

Three new Assistant Heads have joined OGC's Supplier Management team



Hilary Gillies

Hilary Gillies has been brought in from Aerospace Industries where she was European Business Development Manager.

Nick Streets has transferred from his role as Senior Procurement Adviser in the Department for Education and Skills.



Nick Streets



Stephen Squires has moved across from his role as Head of Supply Intelligence Service in OGC.

Stephen Squires

## A Dedicated Winner

**Gill Copple, of Land Registry, has been chosen as winner of the Chartered Institute of Purchasing and Supply (CIPS) 2001- 02 Diamond Jubilee Prize, the Institute's premier award.**

The award was made in recognition of Gill achieving the highest aggregate mark in the examinations of the professional stage of the Graduate Diploma in Purchasing and Supply. She was presented with a Certificate and trophy at the annual CIPS Graduation Ceremony in Nottingham in June. The award also included a cheque.

Gill, who studied for the Diploma with the Government's Centre for Management and Policy Studies (CMPS), is Senior Purchasing Manager at Land Registry, whose function is to record details of all land transactions in England and Wales. Gill works at the administrative headquarters in Lincoln's Inn Fields London, where she manages a team of five responsible for the letting and managing of contracts for non-IT goods and services.



Having completed the CIPS Certificate of Competence (CoC) in early 1998, Gill wanted to study further. A promotion brought the opportunity to do so, and the Office of Government Commerce (OGC) agreed to meet half the cost of her studying for the Graduate Diploma, which she began with CMPS at Sunningdale in January 2000 and completed in February 2002.

*She says: "I looked at a range of options, and CMPS was the most attractive to me. I had studied for the Certificate with CMPS at Sunningdale, and really enjoyed it. The study and leisure facilities are fantastic and the academic and college staff are helpful."*

Although Gill sometimes found it difficult to balance her study requirements with working full time, she found the CMPS 'Directed Flexible Learning' approach, with its emphasis on guided individual study, to be useful. Outside the classroom, Gill read study guides and trade magazines whilst commuting, and concentrated on reviewing the course and sorting out notes before the scheduled revision days.

Back at the workplace, Gill says she has found her Diploma useful in her day-to-day work, especially when issues have arisen that she studied at Sunningdale. She also believes it is an

attractive qualification to employers.

For further information see:

[www.cips.org](http://www.cips.org)

[www.cmps.gov.uk](http://www.cmps.gov.uk)

## OGC Teams

**All enquiries should be directed to the Service Desk in the first instance.**

Phone: 0845 000 4999

Email: [ServiceDesk@ogc.gov.uk](mailto:ServiceDesk@ogc.gov.uk)

### Private Office

Chief Executive

Peter Gershon

Private Secretary

Alex Pritchard

### Successful Delivery Directorate

#### Directors

Deputy Chief Executive

John Oughton

Embedding Best Practice

Bob Assirati

Property & Construction, Best Practice Development Centre

Arnold Butler

Key Customer Relations

Jon Perigo

Skills Development Centre

Jane Grant

Business Change & IT Development Centre

Tony Betts

Director Development

David Gigg

Procurement Policy

Anne Turner

Legal Team

Phinella Henderson

Contract Innovation

Glynis Davies Starting 26/08/03

Consultancy

Stephen Mitchell

### Assistant Director

Programme Manager, Embedding Best Practice

Stephen Harries

## Gateway Directorate

Executive Director

Ian Glenday

Operations Director

Derek Baker

New Sectors

Caroline Charlton

Lessons Learnt

Sue Kidd

## Supplier and Government Marketplace Development Directorate

### Directors

Executive Director

Martin Sykes

Government Market and eCommerce

John Stewart

Supplier Relations

Ian Tough

Collaboration and Property Coordination

Mike Burt

### Assistant Directors

Government Marketplace

Sally Fryer

ECommerce and Broadband

Peter Court

Supplier Management

Alan Cross

Supply Intelligence

Will Farnell

Collaborative Opportunities

Mark Woods

Coordination of Civil Estate

John Huggins

Property Disposals and Residual Estate Management

David Leach

Business Planning, Finance & Administration

Roger Wilkins

## Corporate Services Directorate

Executive Director

Bryan Avery

Finance & Procurement & Centre of Excellence

Bob Ellis

Human Resources

Paul Jones

Corporate Planning & Strategic Communications

Sue Broyd

Customer Services

Nic Hopkins

Internal Audit

John Comley

## Department For Work And Pensions Wins RICS Awards

**DWP have won two awards, in the innovation and public sector categories, for their pioneering work with Land Securities Trillium in developing the public-private partnership for the management of the DWP estate.**

300 investors, occupiers and managers celebrated the first RICS Property Management Awards in the docklands on 25 June. The five award categories were intended to illustrate the diversity of the property management profession and its importance to business, society and the health of the economy.

RICS Commercial Property Faculty Chairman, Graham Chase said:

**'We are delighted to find that many of the entries show that investors, owner-occupiers and leaseholders are now taking charge of their property assets for the good of business and of the public.'**

Howard Morgan, Chairman of the Judges, commented

**'Entries ranged from small yet significant schemes which dramatically improved the quality of life for users to nationwide undertakings which impressed us with the sheer scale of their operations. Lateral thinking and a commitment to customer-focussed property management were apparent in all of the entries.'**

Following a rigorous judging process carried out by the twelve-strong panel of property professionals, the following winners were selected:

### Winners

- Asset Management Award – DTZ Debenham Tie Leung
- Property Management Award – Arlington Securities
- Public Sector Award – Department of Work & Pensions & Land Securities Trillium
- Occupation Management Award - London Borough of Ealing

- Innovation Award - Department of Work & Pensions & Land Securities Trillium

For further information see the RICS website: [www.rics.org.uk](http://www.rics.org.uk)

## Delivering your Achieving Excellence Targets: What? When? How?

**The second OGC Property and Construction Forum, hosted by Arnold Butler, Director of Property and Construction Best Practice, was held in the majestic shadow of Tower Bridge at the Tower Thistle Hotel on 26 June 2003.**

P&C Forum events provide OGC with an invaluable opportunity to exchange ideas and to work together with 'coal face' construction procurement clients from a wide range of departments, agencies and non-departmental public bodies. In other words, to meet those individuals who have day-to-day responsibility for the construction, maintenance and refurbishments programmes and projects which are the subject of the Achieving Excellence (AE) Strategic Targets. Challenging targets that focus on delivery of construction projects on time, on budget, defect free, exceeding customer expectations and procured faster.

With 36 organisations represented, the audience for this Forum, as always run as a 'Chatham House' event, numbered about 90. The agenda for the day was designed both to inform and to encourage delegates to contribute to the day's discussion and debate. The theme was 'Delivering your Achieving Excellence Targets – What? When? How?'

As background, and to put the Forum agenda in context, the day started with a replay of the video of the Chief Secretary to the Treasury, Paul Boateng's February speech to the OGC's 'Building on Success' industry conference, which marked the launch of the AE Strategic Targets.

Bob Assirati described how the Medium Term Strategy had translated to a new structure for OGC, better aligned to delivering its £3 billion VFM gains by 2005-2006 Public Service Agreement target, to the pan-government reform and delivery agenda, and, last but not least, to what departments had indicated they wanted.

The rest of the day aimed to involve the audience as much as possible, with a range of workshops in the morning and afternoon, and feedback/plenary discussions, which followed brief introductory/explanatory sessions. The objective of these workshops was to start the process of working together to develop a measurement methodology, explore the feasibility of producing a generic action plan and also to identify best practice tools - all of which will help departments to embed the AE principles and deliver the AE Strategic Targets. The result was a pleasingly lively

debate and a lot of useful ideas for OGC to take away for future work. A number of individuals were also encouraged to volunteer to continue to work with OGC to provide their input, thus representing all the stakeholders who will benefit from the outputs.

During the breaks, delegates had the opportunity to visit a number of 'stalls' promoting the work of the various components of OGC's Successful Delivery – Toolkit, Skills, Consultancy, P&C and Centres of Excellence - and Gateway Directorates, as well as OGCbuying.solutions. All of them generated a gratifying amount of interest.

The formal delegate feedback on the day is currently being analysed and the indications are that this was, once again, a successful event. Certainly the workshop reports that are being written will provide very useful fodder for Arnold's P&C Team to use to cultivate the AE measurement and embedding tools.