

Welcome

I hope you find this first issue of **GC forum** both useful and interesting. In this online successor to *GP Forum*, we have tried to include something for everyone across the government commercial community – and that includes Procurement, IT, Property & Construction Professionals and Programme & Project Managers. We have retained and expanded our existing editorial board to ensure cross government coverage. If you feel we have not touched on your area of expertise, just let us know and we will make every effort to rectify that in future editions.

GC forum will be sent out 9 times a year and will endeavour to keep you up to date with key developments and news, forthcoming events and the latest publications, personal and departmental achievements and cross government issues. However, we can't hope to meet everyone's needs without active participation from you.

I would therefore like to issue a personal invitation to you to keep us abreast of the latest developments in your organisation – remember what might seem mundane to you, could be very useful to someone else.

Bryan Avery
Chair
GC Forum Editorial Board

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Broadband Appeal

Six service providers have been signed up to a new Broadband Framework Agreement, which will boost the rollout and take-up of broadband services in the public sector. [Page 6](#)

OGC's Targets and the Joint Action Plan

OGC's new Joint Action Plan, recently published as part of *Delivering your Agenda*, OGC's annual brochure for customers is based on the seven key priorities which support OGC's Medium Term Strategy which will help OGC to deliver its new PSA target to deliver £3 billion of VFM gains in central civil government procurement by 2005-06.

For an electronic version of the brochure, go to:

http://www.ogc.gov.uk/embedded_object.asp?docid=1000454 [Page 8](#)

Features

Achieving Excellence Strategy for the Future

First launched in 1999, the Achieving Excellence initiative has received a new impetus. In February this year, Paul Boateng set out the future strategy and new targets, which are aligned to OGC's Gateway Review process. In this first of a series of articles from OGC's Property and Construction Division, Arnold Butler sets out the background to the initiative and main elements of the new strategy. [Page 27](#)

Programme and Project Managers are Special too!

A new Specialism has been launched for Programme and Project Managers (PPM). Headed by Peter Gershon, the aim is to provide PPM capability and capacity within the Civil Service, and support and career guidance to members. [Page 31](#)

Commercial Breakthrough

The role of Commercial Relationship Manager has been developed within the Commercial Policy & Procurement Division (CPPD) in the Department for Work and Pensions. The aim is to ensure commercial advice and support is available at an early stage in strategic planning for the Department. This integrated and proactive approach to bringing commercial expertise in at the start has been well received by the other business groups. The long-term benefits are likely to be significant both commercially and for the profile of the CPPD. [Page 33](#)

The NHS IT Programme

In what is one of the largest, and most far-reaching, IT infrastructure programmes in public sector history, the NHS has made rapid progress in its National Programme. [Page 35](#)

Innovative Procurement System Helps the Environment Agency to Save £1m

Electronic reverse auctions have been used by the agency to purchase:

- Electricity from renewable resources
- Stationery
- Paper
- Computer Consumables.

The auctions have been so successful – bringing savings of £1m – that the Agency is exploring other opportunities for using the technique. They are also examining the possibility of using conventional auctions in an electronic environment, for disposal of redundant assets. [Page 15](#)

Legal Eagles

L-Cat is a series of Framework Agreements between OGCbuying.solutions in collaboration with the Department of Education and Skills and the Treasury Solicitor's Department. It provides government organisations with a simple and straightforward way to source and procure a wide range of external legal services. Although not mandatory, all agencies and departments including NDPBs, are encouraged to make full use of the service. [Page 38](#)

Taking the 'lead'

Reducing the bureaucratic burden on voluntary sector organisations doing business with government is behind a series of pilots being undertaken by the Department for Work and Pensions on behalf of other government departments. The aim of this small but high profile project is to make the department, ie the lead funder, the managing agent during the application, reporting, and monitoring of performance of the voluntary sector organisation. [Page 40](#)

Public Sector Trailblazer

On the 3 February 2003 the Purchase & Pay online e-procurement and electronic payment system went live with its first customer, the Department for Work and Pensions (DWP), ready to purchase printed forms, stationery and related items electronically. The new system will provide invaluable knowledge and experience in the development of fully interoperable e-procurement schemes that are reliable, speedy, secure and cost effective. [Page 42](#)

News

Watermark project scoops Invest to Save Budget “Efficiency” award

22nd May 2003 saw the Watermark Project team rewarded for their hard work and effort on reducing the public sector's expenditure on water and effluent services. The project team have been awarded the Invest to Save Budget's award for best “Efficiency Savings” project.

This achievement is the culmination of 3 years intense effort by the project team collecting and analysing data from central government and the wider public sector with the aim of establishing benchmarks across a range of building categories regarding water consumption. The biennial awards ceremony took place during the “Fifth National Invest to Save Budget Conference: Inspiring Delivery.”



The Watermark Project triumphed in competition with 379 other ISB projects to win one of only four exclusive ISB awards.

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Local government harnesses procurement to tackle racial discrimination

The Commission for Racial Equality (CRE) has published a consultation document on ensuring greater racial equality in the procurement processes of local authorities [Page 12](#)

Publications issued by OGC

April - GP Forum 22

May - Corporate Brochure - visit: <http://www.ogc.gov.uk/index.asp?id=1000232>

June - Supplier Debriefing - visit:
http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/generic_guidance/supplierdebrief.pdf

June - Achieving Faster Delivery - visit: http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/bpbriefings/fasterdelivery.pdf

June - Ensuring grant aided bodies deliver value for money on procurement involving public money - visit: http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/bpbriefings/grantinaid.pdf

If you would like a copy of any of the above publications please contact the OGC Service Desk on 0845 000 4999

Obituaries

The sad news of the deaths of two long-serving civil servants were announced recently. These short obituaries pay tribute to them and their careers.

Simon Woodall 1949 - 2003

Simon Woodall was one of the most familiar faces in government procurement. He worked in HM Treasury for his entire career before joining OGC and was there at the start of the Central Unit on Procurement. He always said he was not a procurement specialist but he knew a great deal more about it than virtually anyone else. He was also an excellent wordsmith who made sure that CUP Guidance notes were written in plain unambiguous English. Although he had not been well for some time, little ever suppressed his spirits and it came as an enormous shock to his many friends when the end came so quickly. He will be greatly missed by his wife Barbara to whom we send our deepest sympathies.

Michael Corcoran 1951 - 2003

Michael Corcoran joined OGC in 2000 from the Treasury. He worked on the OGC's Business Alignment review and became a respected face across many departments. Earlier this year he decided to move to the Department for Education and Skills and was intending to take up the challenge of further studying. Sadly, it was not to be. Michael died suddenly on the evening of April 16. He leaves his wife, Melva, and 2 children Ben and Amy to whom we extend our condolences.

People & Events

Congratulations

Brian Rigby Honoured

Shortly after retiring from his post as Deputy Chief Executive of OGC, Brian Rigby was awarded a CBE in the Queen's Birthday Honours List, for which we send congratulations.

IR Exam Results

Congratulations to the following students at the Inland Revenue who have passed the 'Commercial Management Training Level 3' - (equivalent to CIPS Foundation Stage).

Colin Blake, Corporate Procurement Transport & Travel - Credit
Lisa Morrow, Corporate Procurement Consultancy - Credit
Victoria Pavier, Corporate Procurement Consultancy - Credit
Les Smith, Contract Management (Newcastle) - Credit

Rob Truswell, Corporate Procurement Goods & Services - Pass

Public Sector Expo 2003

London Docklands saw the government procurement community come together for two days (14-15 May) for this year's Public Sector Expo. Philip Cunliffe reports [Page 16](#)

Future Events

7 July: SRO Masterclass

<http://www.cmps.gov.uk/courses/course.asp?id=11768>

10 July: Centres of Excellence and Implementers Networking Event, Lancaster House, London

http://www.ogc.gov.uk/application.asp?app=events.asp&process=full_record&id=1000012

17 July: Business Case and Benefits Management Masterclass <http://www.cmps.gov.uk/courses/course.asp?id=11770>

10 - 11 September: Joint Planning Conference

Greater London

OGC reinforces its commitment to help departments achieve Value for Money

The latest meeting of the eCommerce User Group took place at the Royal Horticultural Halls in Westminster on 21 May 2003. John Oughton, OGC's new Deputy Chief Executive, gave the keynote address. His background in successful delivery of projects and eProcurement pilots at MoD was very relevant and he willingly shared the lessons learnt with delegates.

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If you have any comments or would like to contribute to *GC forum*, please contact the editor on: phone 01689 838104 or christine.barnicoat@btinternet.com

The Editorial Board Members are:

Bryan Avery, (Chair), OGC, Nic Hopkins (OGC), John Kitching (British Library), Sandy Flatman (The National Archives), Jason Skill (Department for Education and Skills), Sue Broyd (OGC), Suzanne Fred (OGC), Philip Cunliffe, Deputy Editor and Christine Barnicoat, Editor.

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Broadband Appeal

At last month's Public Sector Expo, Peter Gershon announced a new Framework Agreement for broadband services for the public sector. Philip Cunliffe details the Agreement and provides background to it.

Following its recent study of public sector broadband procurement, OGC teamed up with the DTI to establish a network of dedicated, regional broadband advisers, a new team of procurement advisers, to help boost the rollout and take-up of high-speed broadband services across the UK.

The new UK Broadband Task Force, as it is called, is being co-ordinated by the DTI, with the aim of increasing both availability and take-up of broadband in the regions. It will ensure that public sector expenditure on broadband achieves value for money while having maximum impact on regional development. It will also take into account the needs of the Regional Development Agencies and will be working with other bodies such as the Broadband Stakeholder Group.

Furthermore, OGC has established a team of procurement experts who, in addition to supporting the Broadband Task Force and working jointly with DTI to develop policies, provides hands-on support and advice to enable smarter public sector buying of broadband services.

The Framework Agreement

The Broadband Solutions Framework Agreement, signed by six service providers and managed by OGCbuying.solutions, is the first significant result of this collaborative approach. It is essentially a purchasing agreement designed to help public sector bodies to buy Broadband connectivity and complementary services quickly and easily and has been established following a comprehensive and competitive procurement process. The Agreement covers the range of broadband connectivity solutions and is designed to make available emerging technologies. In addition to broadband connectivity, the terms of the Agreement allow for the service providers to offer a range of complementary data and voice services, including Internet access, remote access, security, and exchange lines.

The new Broadband Solutions Framework will be available to purchasers across the whole public sector, enabling organisations to buy broadband quickly and efficiently, without having to negotiate terms and conditions for each purchase whilst ensuring value for money. One of the greatest challenges facing the broadband procurement team was to address the wide range of requirements, available resources and skills in a diverse user group and in doing so, ensure that users get the benefits they are seeking.

The Procurement Methodology

During the procurement process, which was conducted by the OGCbuying.solutions team, bidding companies were assessed on their ability to provide quality, value-for-money broadband services. More than 40 suppliers responded to the invitation to submit expressions of interest in

an OJEC notice published in August 2002 and a long list of 10 was invited to provide further details. From these, six service providers were chosen after a rigorous evaluation process. They are: BT, Easynet, Fujitsu, Kingston, Synetrix and Telewest.

The Framework Agreement will allow Government clients to gain easier access to a range of fully EC compliant packaged services, which may be selected from a 'catalogue' and will also facilitate the procurement of customer specific services via mini-competition arrangements.

Benefits

The Framework builds on the considerable success of earlier cross public sector frameworks such as those for mobile telephony and IT commodities. The benefits are clear: aggregation of purchasing power to obtain best value, cost reduction by decreasing the number of separate procurements, confidence from Government Terms and Conditions and tendering process, and process simplification from a broadband-specific procurement route. Although use of the Framework is not mandatory, it is hoped that the whole of the public sector will take advantage of this facilitating mechanism which has been developed specifically to meet government needs and which will deal with relevant issues such as common codification and security.

Of the technological developments following on from the introduction of broadband, the most interesting would be, perhaps, the development of voice and data convergence. This would allow users to access the whole of the department's telecoms and IT services from a remote location – possibly home - using a single connection.

During his speech at PS Expo, Peter Gershon said of the Agreement: *"This new arrangement will be of major benefit to those government departments who are seeking to develop the use of Broadband. It reduces the time and effort required in sourcing Broadband products by offering quality goods and services at value for money prices without the need for separate tendering processes"*.

Broadband is a term used to describe high-speed, always available, networking services. Typically connection speed is measured in kilobits per second (kbps) or Megabits per second (Mbps). Oftel has previously described broadband connectivity as offering data rates of 128 kbps and above, recently revised to 256 kbps and above.

The demand for bandwidth continues to increase in the public sector, particularly in sectors like Education. New approaches to education involving the use of multimedia and interactivity are both innovative and welcome but are often out of reach because of the costs and availability of bandwidth.

For further information on the framework, visit
<http://www.ogcbuyingsolutions.gov.uk>

Philip Cunliffe
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OGC's Targets and the Joint Action Plan

Since its inception three years ago, OGC has come a long way, raising the profile of procurement as core government business, and making extremely good progress against its 2000-01 to 2002-03 Public Service Agreement target to deliver £1 billion of VFM gains in central civil government procurement.

To help achieve its vision of working with central civil government as a catalyst to achieve best VFM in commercial activities, OGC has retained four high level strategic objectives for 2003-04:

1. Provide guidance and expertise to support the successful delivery of procurement-based projects and other forms of commercial activity;
2. Develop the government market so it is more efficient and attractive for both suppliers and customers;
3. Develop a clear and supportive framework for best-in-class procurement activity to help achieve better VFM; and
4. Deliver efficient and effective services to external and internal customers, gaining widespread recognition for excellence and as a leading contributor to government modernisation.

In order to subsequently meet the challenges of the medium term, OGC has drawn up a Medium Term Strategy (MTS) which incorporates seven key priorities. The MTS will help OGC to deliver its new PSA target to deliver £3 billion of VFM gains in central civil government procurement by 2005-06.

The seven key priorities are as follows:

1. Develop and manage the Gateway process;
2. Improve the commercial skills available to departments;
3. Improve government ability to manage supplier relationships;
4. Make the government marketplace more attractive to suppliers in all sectors;
5. Develop innovative tools and techniques and more effective ways of achieving private sector involvement;
6. Help departments to embed best practice (including operational guidance) and cross-government lessons learned in their commercial activities;
7. Catalyse collaborative opportunities (including aggregation deals).

OGC plays an important role in the Government's efficiency and modernisation agendas and has

a shared agenda with central civil government. A joint planning conference was held in September 2002 to develop the content of a new Joint Action Plan (JAP) covering the years 2003-04 to 2005-06 to support the delivery of the £3billion PSA target. Following further departmental consultation, OGC's Supervisory Board (chaired by the Chief Secretary to the Treasury and made up of Permanent Secretaries, the Head of the NAO and senior external representatives) endorsed a new JAP in March.

The JAP, which has recently been published as part of "Delivering your Agenda", OGC's annual brochure for customers (follow this link for an electronic version of the brochure)

http://www.ogc.gov.uk/embedded_object.asp?docid=1000454, is based on the seven key priorities which support OGC's medium term strategy. It contains a number of actions both for OGC and for departments, agencies and executive NDPBs who are making their own arrangements for drawing up milestone achievement plans to set out how they will track progress against the actions.

For further information, go to:

<http://www.ogc.gov.uk/index.asp?docid=1000316>

Why is Watermark the best “Efficiency Savings” project?

The public sector spends, each year, around £600 million on water and effluent services. The Watermark project has demonstrated that through the use of reliable benchmarking data and proper monitoring and control systems this amount can be reduced by over 20% or £140 million.

Background to the Project

Since April 2000, the Watermark team has carried out a massive data gathering exercise in conjunction with a large number of public sector organisations, including DTLR, DfES, Wiltshire County Council and with the support of the Sustainable Development Unit of DEFRA. This data gathering exercise took the form of gathering water consumption data and asking organisations to complete site-specific questionnaires. Over 3000 questionnaires were submitted allowing the project to set benchmarks for 17 different building categories.

Why set benchmarks?

The biggest barrier to the public sector in achieving savings in its water consumption was the lack of water benchmarking and water management information across the public sector. This lack of data meant that reliable benchmarks could not be set and performance indicators could not be established. Watermark set out to develop a water-monitoring database for public sector sites in order to set benchmarks for water use and provide targets for their improvement, alongside promoting the reduction of water consumption across the public sector, therefore securing ensuing financial and environmental benefits.

Benchmarking = Measurable savings

As the benchmarking analysis was carried out the potential saving figures were calculated, based on an estimated number of sites in each building category. It is estimated that if all sites within the building categories were to achieve or better the recommended typical benchmark there is a total potential save of over £140 million per annum!

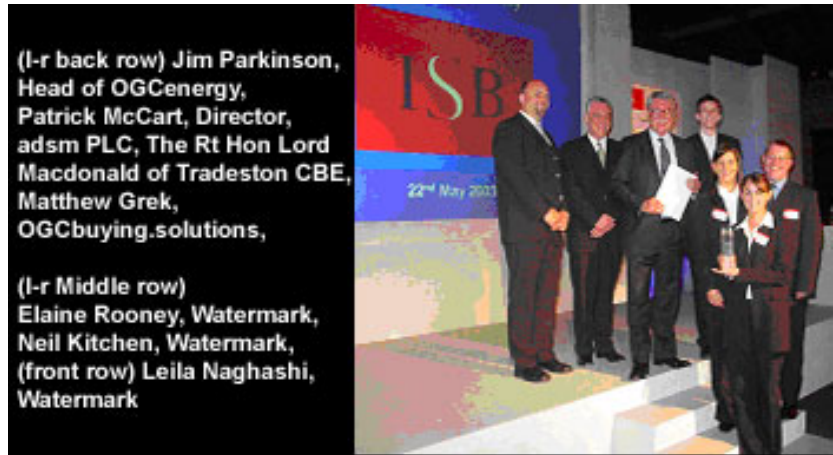
HM Treasury building in Whitehall has enjoyed savings in their water bill in excess of 65% since joining the Watermark Project in January 2001. This represents a consumption saving in excess of 80% through the use of water savings measure and management techniques, alongside tariff negotiation with HM Treasury's water supplier.

Benchmarks for 17 building categories have been established, ranging from general office buildings through to prisons and laboratories. Interactive web tools are also available on the Watermark website to quickly demonstrate how effectively a site is performing against the established benchmarks.

Summary

Watermark has proven that the establishment of benchmarks and performance indicators are a valuable tool for reducing water consumption and making savings for the public sector.

The Watermark project team believe that water is the forgotten utility, with few organisations collecting in-depth data on their own estates water use or monitoring basis site details. The findings of the project demonstrate that water conservation can be fairly straightforward, with major **QUICK WINS** in the region of 15-20% of a site's annual water bill available.



Watermark website and interactive benchmarking tools:

<http://www.watermark.gov.uk>

HM Treasury Case study available to view at:

<http://www.watermark.gov.uk>

Watermark Project team

Head of OGCenergy: Jim Parkinson

Project Leader: Neil Kitchen

Project Manager: Elaine Rooney

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Project Officer: Leila Naghashi

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Making Public Procurement Work for Race Equality

On 13 March this year, The Commission for Racial Equality (CRE) published a consultation document on ensuring greater racial equality in the procurement processes of local authorities.

Launching *Race equality and procurement in local government: a guide to meeting the duty to promote race equality*, CRE Chair Trevor Phillips said:

"The CRE is providing practical tools and advice to councils and contractors to assist them in tackling discrimination in the supply of goods and services.

"Local authorities have a vital role to play in working towards a more inclusive society. Under the amended Race Relations Act, they have a duty to promote race equality in all their functions from policy making and employment to service provision and procurement.

"Between them, local authorities in England and Wales spend over £40bn on goods, services and works. Whether it's contracting out the running of education services or buying 'meals on wheels', local authorities need to know how to meet their duties under the Race Relations (Amendment) Act and contractors need to know what local authorities expect of them. Councils need to take action in this area: doing nothing is not an option."

Sir Jeremy Beecham, Chairman of the Local Government Association (LGA), welcomed the consultations and Home Office Minister Lord Filkin said:

"I am keen to see the procurement process used to its full potential as part of this aim."

The report of an evaluation of a pilot project carried out by six local authorities in the West Midlands was also published. Together they developed a common standard for assessing contractors' equal opportunities policies and practices. Both documents were published at a conference held jointly by the CRE and the West Midlands Forum 'Promoting Race Equality through contracts: some practical tools', which was attended by over 100 practitioners.

The consultation has brought an overwhelmingly positive response and further action and guidance is expected to be published during July.

Copies of 'Procurement and Race Equality: a guide for local authorities and contractors' are can be downloaded as a pdf file, or can be obtained by calling Sasha Barton on 020 7939 0209.

[Procurement and Race Equality](#) (pdf file, 680kb)

Please ring Lisa Mackenzie in the CRE press office on 020 7939 0113 or Alan Butt of the West Midlands Forum on 01902 554028 for further information.

OGC Reinforces its Commitment to Help Departments achieve Value for Money

The latest meeting of the eCommerce User Group took place at the Royal Horticultural Halls in Westminster on 21 May 2003.

John Oughton, OGC's new Deputy Chief Executive, gave the keynote address. His background in successful delivery of projects and eProcurement pilots at MoD was very relevant and he willingly shared the lessons learnt with delegates.

VFM improvements

Susan Keeler explained how the eProcurement Assessment Tool (ePAT) will help calculate VFM improvements generated by eProcurement and highlighted the new 6-monthly ePAT questionnaire that replaces the quarterly low value electronic transactions and e-tendering measurement return.

Simon Butt shared the lessons learnt at Environment Agency using electronic reverse auctions (eAuctions); over the last year Environment Agency had made a £1m saving from eAuctions. For more information see the feature on [EA's success \(P15\)](#) in this edition or see Peter Court's article on eAuctions in *Construction News* 22/5/03 p.13.

Other presentations included Paul Schofield from Inland Revenue and from Office of the Deputy Prime Minister. The presentation from Inland Revenue covered aspects such as the necessary steps to produce an eProcurement strategy with a view to running eAuctions; Paul Schofield reminded the audience that specification of requirements is vital to the success of eProcurement projects.

Steve Darbyshire from ODPM related his experience in integrating eProcurement systems with the existing financial system and the lessons learnt in selecting suppliers.

Measuring Success

Feedback from delegates, who represented small, medium and large government departments, was positive. Delegates thought the event was well organised, the venue was good and the topics were interesting and useful. Expectations are high and OGC will continue to provide as much leadership and direction as possible.

But the biggest benefit of the day was the continued commitment and participation of departments to the future of eProcurement in government.

Innovative Procurement System Helps the Environment Agency to Save £1m

The Environment Agency's Procurement teams have deployed a new system to award contracts for goods and services in an "auction environment". Although the technique is already used extensively in the USA, the Agency is one of the first public bodies in the UK, and possibly in Europe, to utilise this approach. The Office of Government Commerce and other government departments are watching developments with interest.

The system, known as Electronic Reverse Auctions, uses the internet and special software to allow pre-qualified companies to submit bids, starting below a reserve price set by the Agency. The required commodities and quantities are set out in spread sheet format. Although each bidder can see all the bids as they are submitted in real time, they do not know which of their competitors has submitted any particular bid. In the reverse to normal auction procedure, bidders submit progressively lower bids in order to try and win the Agency's business.

The technology and the back office administration is provided by an independent third party which has conducted many auctions on this basis, and this gives bidders added assurance that the process is both impartial and properly managed.

Four electronic reverse auctions have been conducted so far:

- Electricity from renewable resources
- Stationery
- Paper
- Computer Consumables.

This live, dynamic competition has produced over £1m in total savings on prices previously paid for these commodities.

Having proved the concept, EA Procurement is now identifying further commodities that may be suitable for this innovative buying tool, and also examining the possibility of using traditional, conventional auctions, in a similar electronic environment, for disposal of redundant assets.

For further information contact:

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Head of Procurement

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Public Sector Expo 2003

London Docklands saw the government procurement community come together for two days (14-15 May) for this year's Public Sector Expo. Philip Cunliffe reports.

The theme of this year's event was "Partners in Procurement" which was apt, as it was co-hosted by two procurement agencies – OGCbuying.solutions and NHS Purchasing and Supply Agency – whose partnership aims to provide a better procurement service to its customers.

The secondary aim of the Partnership theme was to encourage the spirit of partnership between the Agencies' customers, helping them to fulfil their day-to-day purchasing requirements. Thirdly, and the reason for the large number of exhibitors at the show, was to build better relationships between government purchasers and private sector suppliers.

There was also a determined effort to incorporate sustainability into the event. The organisers were keen to establish sustainable good practice for the event. For example, exhibitors were offered a choice of low-energy lighting as part of their electrics package which helped towards lowering CO2 emissions; and the volume of literature provided for delegates was cut to a minimum (your correspondent welcomes this innovation, although it did not make his job any easier!).

Keynote Speeches

The opening day's highlights were the speeches made by the Chief Secretary to the Treasury, and the Chief Executive of OGC who both made presentations at the opening of the conference. Although unable to attend in person, Paul Boateng, the Chief Secretary, made full use of today's technology by speaking to the conference by video. To read his full address, [click here \(p19\)](#). He said he was delighted that OGC and NHS PASA had come together to organise the exhibition and drew examples of how OGC and NHS PASA had developed intelligent procurement tools.

Mr Boateng went on to explain the huge part that Information and Communication Technology is to play in the future of government procurement. "... *we should continue to take on the very demanding challenge of making procurement tools available to the public sector*" he said. "*None of the issues are simple. In dealing with new technologies, they are very complex indeed. But it's precisely because of the complexity of procurement that we cannot afford to have each body working by itself.*" The joining-up of experience and expertise and a common thinking approach were the most important aims for government procurement community to tackle.

Peter Gershon, Chief Executive of OGC, began his speech by setting out the challenge for the next three years – that, by 2005-06, of delivering three billion pounds of value for money gains in central civil government procurement through the Office of Government Commerce. He stated that this was "*a significant increase on our previous target of one billion pounds value for money improvements by end March 2003.*" To read his full address, [click here \(p22\)](#).

Citing the catalogues that have been developed by OGCbuying.solutions – S-Cat and GCat – Mr Gershon announced the establishment of a new catalogue – L-Cat – an innovative new arrangement that is set to improve value for money in central government’s procurement of external legal services, generating an estimated seven million pounds in savings.

Mr Gershon then went on to explain how OGC had set up framework agreements with software providers. An NAO report published earlier this month investigated the purchase of software licenses by departments and agencies, and how licenses are managed by individual departments and the value for money obtained across government from purchases with major software vendors. OGC have negotiated agreements with five of the most frequently used software vendors and can demonstrate savings through these centralised arrangements.

The Oracle deal follows OGC’s earlier deals with Microsoft, IBM and Sun Microsystems for Office applications. This agreement saw OGC, central government departments, devolved administrations and local government working closely together to secure one hundred million pounds of additional savings over the next three years, in addition to avoiding the impact of Microsoft’s pricing proposals.

Finally, Mr Gershon said he was delighted that OGCbuying.solutions was launching its broadband frameworks at Public Sector Expo. These Broadband Solutions Contracts, as the OGCbuying.solutions’ exhibition stand verified, will cover current and emerging broadband connectivity solutions. These will be available to all public sector organisations and their representatives, either as a primary source for broadband connectivity or to supplement their existing arrangements.

Seminars

Throughout the two-day event, seminars were held on a large number of relevant topics, including Property and Construction, Healthcare, Energy and Compliance and risk Management. The most popular seminars were those dedicated to IT, e-Commerce and Communications. There was some lively debate on how these services could and should be delivered, and there were no shortage of interest in the presentations made by a host of informed policy-makers and implementers alike.

In the e-Commerce seminars, there were presentations on e-Pilots, e-Tendering and e-Security; Liz Barns took us through the new GPC contract; Dave Alexander, of the NHS Logistics Authority, told us how tactical e-Commerce solutions could be used for the full “purchase to pay” process; Joe Walsh, of NHS PASA, provided an example of a successful e-Auction in the public sector.

The IT seminars included talks on web-based solutions for government; the convergence of new technologies; and a case study of how both these topics were being utilised, namely the Planning Inspectorate’s Planning Portal.

The highlight of the Communications seminars was the flesh on the bones on the Broadband Contracts provided by Hugh Barrett, Chief Executive of OGCbuying.solutions. In addition, there were presentations on the future of Gsi, as well as how mobile services were being more and more utilised by today’s public servants, especially in light of the new flexible working regime.

There were, as mentioned, a large number of exhibitors – and from a large cross-section of industry. The usual array of carpet suppliers, catering firms and office furniture specialists, rubbed shoulders with lawyers (there, in general, to promote their L-Cat presence), bankers and various

media suppliers. Amongst this rich patchwork of exhibiting organisations were, not surprisingly, a good number of IT suppliers, including BT Government, Elonex, Fujitsu Services, Global Crossing, Page One Communications, PC World Business, Siemens Communications, Viglen and Vodaphone Corporate.

Paul Boateng, Chief Secretary to the Treasury

Speech as delivered by video at the opening of the conference at Public Sector Expo on 14 May 2003

I am very sorry that my commitments have prevented me from being with you today.

This Conference, part of the Public Sector Expo, is great news and I am looking forward to reading a full report on everything that has been said, and to working with you and your organizations, with Peter Gershon and Duncan Eaton to take forward the issues that come out of today's discussions. I am very excited about the benefits that OGC and NHS PASA have brought to many different organizations involved in providing public services, and about the scope to make an even bigger difference in the future.

Taken as a whole, the public sector has huge buying power. Our services have to reach 60 million people – in every town, city and village – we are an attractive and a big market for companies who want to do business with us. But if each Department, agency, local authority, each university, has to go out and negotiate only for itself – then we end up not with an integrated marketplace, but something a bit more like a bazaar – where the effort of haggling, trying to establish facts, comparing myriad quotes and permutations – is a distraction from the actual work of the organisation, the work we all went into public service for. And, just like in bazaars, there is always the risk of coming away with the wrong product at the wrong price.

That is why the Office of Government Commerce was created: to bring the public sector's bargaining power into line with its buying power. But cutting prices is not our only – or even our main – achievement. Better procurement is instrumental in devolving power to the frontline. The tools you have developed – tools such as framework contracts and benchmarking systems – free up public sector staff to concentrate on delivering core services, and deliver cost savings that mean more resources going into patients, pupils, local residents – our customers. As one council official has put it "you eliminate the jargon and the technicalities, and allow me to get on with my day job."

But the public sector is by no means the only winner – for companies that want to do business with us, and that offer high quality products at competitive prices, OGC and NHS PASA can put them in touch with customers across government to get information and evidence first-hand. And that is really the point of today's exhibition: to bring together potential partners who have a great deal to offer one another. Every product on show here has been pre-tendered and has proven to the OGC or NHS PASA that it represents good value for money. And I am delighted that OGC and NHS PASA have come together to organize this exhibition. Though the two agencies have distinct remits, we know there are important areas where they can bring their buying power together, and it's crucial that we seize this opportunity.

You have already made great strides in improving government procurement – but I believe this is just the beginning and I have set OGC exacting targets in its next Public Service Agreement. All

parts of the public sector have a part to play in delivering these savings, and all parts of the public sector will benefit when value for money savings are redeployed to the frontline of public services. You have also made life easier for many across the public sector by developing intelligent procurement tools, maximising the potential of IT to eliminate barriers to efficient public services.

Tools like the Fuel Monitor Card implemented by OGCbuying.solutions and used by all the police and many emergency services – which simplifies petrol-buying for these services who use their vehicles intensely, and gives them lower prices at the pump.

Tools like the Government Procurement Card that has saved taxpayers £88.3 million since 1997, as well as being easier for buyers to administer, speeding up orders and saving on paper and bureaucracy. Since February, this card, managed in partnership with VISA, has been made available in to buyers across the wider public sector, including local government.

Tools like the collaborative energy contract that enabled Wiltshire County Council to save £2 million on electricity prices and process savings of £5 million.

Tools like the Watermark System created in 2000 to provide benchmarks for water services across the public sector. At the time work began, OGC believed this system could deliver savings of 10 per cent on the public sector's £600 million water services budget. But projected savings are now more than 20 per cent - £130 million. I know that in the Treasury we have used the benchmarking system and our own water bill has fallen by 65 per cent. I also know that the University of Derby has used it to rationalise their water services, not only saving money but cutting waste and reducing their water consumption by 50 per cent.

Procurement offers a huge opportunity to make environmental gains of this kind. Because we are benchmarking for standards as well as price, we can use procurement to deliver reductions in energy waste and pollution, to make better use of existing buildings and design new ones that are energy efficient. I know that the OGC is working closely with the Department for the Environment, Food and Rural Affairs to make environmental standards part of procurement, consistent with value for money.

But I believe this is just the beginning, and that by working together through the OGC and NHS PASA we can achieve much more.

The future

So, what important directions should we set for the future?

We must make the most of the opportunities information and communications technology can bring. As we promote the use of broadband internet service across the public sector and particularly in schools, OGC frameworks are a critical piece of the jigsaw. In the medium to long term, electronic procurement should mean every step of the procurement process being managed on-line, from tendering, and ordering right through to delivery and payment.

And above all, we should continue to take on the very demanding challenge of making procurement tools available to the public sector. None of the issues are simple. In dealing with new technologies, they are very complex indeed. But it's precisely because of the complexity of procurement that we cannot afford to have each body working by itself. The issues and the opportunities that you identify over this conference and in your ongoing work are a crucial

contribution – Peter, Duncan and I and many others will be taking them forward over the coming months.

Your involvement is vital to improving the public sector's bargaining power, ensuring value for money for every pound the taxpayer entrusts to us – and to freeing up managers and staff across our organisations from the hassles and jargon of procurement processes, empowering them to do what they joined public service for. I hope you enjoy the Public Sector Expo today and I would like to wish this conference every success.

Peter Gershon, Chief Executive, Office Of Government Commerce

Speech as delivered at the opening of the conference at Public Sector Expo on 14 May 2003

INTRODUCTION

As public sector investment increases then so must the challenge of managing that investment successfully to meet the challenges of the Government's Delivery and Reform agenda. We owe it to the taxpayer to ensure that we are getting the best possible value for every one pound we spend through smarter and better procurement.

Since the Government began its major programme to reform procurement in Central Civil Government in April 2000, considerable progress has been made in the subsequent three years. We have common well-defined processes for management of major projects, a common approach to the management of suppliers, and procurement skills are being raised across the whole of government.....but there is much still to be done. We need to provide managers, users and buyers with the tools, guidance and support to deliver even greater improvements and we must work together more closely, sharing knowledge and resources to drive efficiency and improve effectiveness.

"Partners in Procurement", the theme of this year's Public Sector Expo, encapsulates this sentiment perfectly. OGCbuying.solutions (the trading arm of OGC) and the NHS Purchasing and Supply Agency (NHS PASA) have joined together to put on this event for all those involved in public sector procurement. They have also been working in partnership throughout the year to share information and combine buying power to provide public sector buyers with a range of framework agreements to ease their workload and provide further value for money improvements.

PSA TARGET FOR SR2002

...And value for money improvements remain at the core of OGC's agenda. Our biggest challenge for the 2003-06 period is also our key measure of success, - to work with departments, by 2005-06, to deliver three billion pounds of value for money gains in central civil government procurement through the Office of Government Commerce.....which is a significant increase on our previous target of one billion pounds value for money improvements by end March 2003. It is a challenging target and one in which we all will need to work hard to achieve. However, the big incentive for departments is that they can continue to keep their contributions and this means more funds available for investment in frontline services.

VFM AND PROCUREMENT

We know that procurement is not just about activities of the purchasing department. It is an

inherently multi-functional activity focused on delivering outcomes and value for money. UK government policy reflects this – that is all public procurement decisions should be based on value for money - defined as the optimum combination of whole life costs and quality to meet the user's requirement. This is very rarely synonymous with lowest initial price.

Procurement is defined as the whole life-cycle process of acquisition of goods, services and works from third parties – from when the requirement is a “gleam in the eye” to the conclusion of a service contract or disposal of an asset.

There is nothing new about either of these. Basing UK Public Procurement on value for money has been the stated policy of this government and its predecessors for many years, and the definition of procurement is very similar to that set out in the 1995 White Paper “Setting New Standards”. What is different is that the whole of the OGC’s reform agenda is firmly based on these foundations.

KEY PRIORITIES FOR MEDIUM TERM

The procurement reform programme has gained significant momentum over the past three years thanks to excellent support from our stakeholders. We have proven levers and strong foundations in place to drive forward over the coming years so that further major improvements in delivery, efficiency and value for money for the taxpayer can be obtained.

We have streamlined our approach and are focusing on seven key priority areas over the next three years. The first of these, and I hope many of you will already be aware of it, is to develop and manage the Gateway process. Our second is to improve the commercial skills available to departments for example through the Successful Delivery Skills Programme. Improving government’s ability to manage supplier relationships and making the government marketplace more attractive to suppliers in all sectors are supplier related key priorities.

The final three key priorities are to develop innovative tools and techniques and more effective ways of achieving private sector involvement; help departments to embed best practice and cross government lessons learned in their commercial activities and finally, to catalyse collaborative opportunities (including aggregation deals).

S-CAT

The range of business support products and services available through OGCBuying.solutions’ catalogues has recently been extended and they now offer solutions for a very broad range of business changes and improvement needs. The IT and Business Services catalogue or S-Cat provides public sector organisations with a simplified means of procuring and contracting for a wide range of consultancy and specialist services from a variety of service providers.

OGCBuying.solutions have recently added suppliers of Interim Management, Recruitment, HR Consultancy, Financial Services, Training, and Business Information and Research to S-Cat. Detailed information on these new services will be available for customers within the next few weeks.

The key benefits to the public sector of using S-Cat, and other OGCBuying.solutions frameworks are compliance with EC procurement rules, ease of access to a wide range of providers under pre-competed terms and conditions, sound contractual protection based on best practice, competitive prices, improved management information and e-commerce facilities. S-Cat continues to be a very popular scheme with public sector buyers – last year three hundred and fifteen million pounds was transacted – a sixty four percent increase over the year before. This

rapid growth, together with a continued focus on cost control has allowed OGCbuying.solutions to reduce the commission rate on S-Cat to one percent – a significant reduction from the three percent commission rate three years ago.

L-CAT

I am pleased to announce that OGCbuying.solutions is launching its new series of Legal Services Frameworks, L-Cat, at today's conference. This innovative new arrangement is set to improve value for money in central government's procurement of external legal services, generating an estimated seven million pounds in savings. L-Cat has been established following a collaborative project between OGC, the Treasury Solicitor's Department and the Department for Education and Skills - and is an excellent example of what OGC can achieve by working with its public sector partners. Representatives of the OGCbuying.solutions L-Cat team, and the firms, are present at the L-Cat stand here today, and I would encourage you to discuss your requirements with them.

Both L-Cat and the enhancements to S-Cat also form part of the Government's response to getting better value for money from its large spend on professional services – an area where the NAO and the Public Accounts Committee have identified substantial scope for improvement.

SMEs

As I mentioned earlier, one of our key priorities is to make the government marketplace more attractive to suppliers in all sectors. We want the best suppliers and the best value for money and will encourage competition to achieve it. With the help of departments and suppliers we aim to break down unnecessary barriers faced by suppliers entering the government marketplace, encourage adoption of best practice throughout the supply chain, make it easier for suppliers to provide government with a better service and better value for money and provide suppliers with smoother, easier access to the government market and hence keep costs and timescales down for suppliers. In the new S-Cat categories awarded to date, between 28 and 47% of the providers selected are SMEs - selected not because they were SMEs but because they offered the best value for money. The thirty three L-Cat providers include both larger firms and also many small, medium and regional firms.

Earlier this week, the Better Regulation Task Force and Small Business Council released their joint report into SMEs and public sector procurement. The report looked at the difficulties facing small and medium sized enterprises in doing business with the public sector 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. OGC worked closely with the Taskforce throughout their research enabling us to discuss and contribute to some of the key findings in this report. We welcome this interesting and useful report and the Chief Secretary to the Treasury will carefully consider all of its recommendations before making a formal response on behalf of government.

A number of products are already available to help SMEs including the joint OGC/ Small Business Service internet portal "Supplying Government" which gives information on selling to government and an access point to advertised contracts. The revised "Supplier Financial Assessment Guidance" advocates a more flexible approach to the financial appraisal of suppliers and the publication "Smaller Supplier...Better Value" outlines the benefits of dealing with small firms, the challenges they face and what public sector procurement staff can do to help SMEs. Further details of these publications can be obtained through the OGC service desk on 0845 000 4999.

ORACLE, MICROSOFT, IBM, SUN MICROSYSTEMS

Public sector partnerships allow us to negotiate value for money deals with major multinational organisations. The NAO report “Purchasing and Managing Software Licenses” published earlier this month investigates the purchase of software licenses by departments and agencies, how licenses are managed by individual departments and the value for money obtained across government from purchases with major software vendors. We have negotiated agreements with five of the most frequently used software vendors and can demonstrate savings through these centralised arrangements. For example, our deal with Oracle for the provision of IT systems guarantees best prices and terms on all Oracle technology products to the public sector. With transparency and standardisation built in, departments will be able to secure the best possible prices. The arrangements represent additional value for money opportunities for the UK public sector on the purchase of all Oracle products and are on a par with the deal secured by the US government for what is a significantly larger marketplace. This was only possible because the whole public sector supported OGC putting us in a strong negotiating position.

The Oracle deal follows our earlier groundbreaking deal with Microsoft, IBM and Sun Microsystems for Office applications. This agreement saw OGC, central government departments, devolved administrations and local government working closely together to secure one hundred million pounds additional savings over the next three years in addition to avoiding the impact of Microsoft’s pricing proposals. This set the benchmark and paved the way for further deals and I would encourage you to take advantage of these arrangements.

BROADBAND

The Government is committed to coordinating public sector broadband expenditure so as to achieve best value for money and to encourage private sector investment. Broadband offers the opportunity for our health, education and other public services to be delivered in more efficient and imaginative ways. It can support more flexible working, reduce the need for travel and support lifelong learning for public sector workers. So I am delighted that OGCbuying.solutions is launching its broadband frameworks at today's conference. A group of leading suppliers has been successful in the procurement and will be offering, for example, on standard digital subscriber line (DSL) services, up to twenty percent discount from the standard prices through the framework to customers across the public sector. I look forward to the frameworks playing their part in delivering the one billion pounds of public sector investment in broadband services that the Prime Minister announced in November 2002 and helping move forward Broadband availability to the whole of the country.

SUSTAINABILITY

Another key consideration for procurement professionals is sustainability. In May 1999, the UK Government published “A better quality of life, a strategy for sustainable development for the UK”. The key tenet of sustainable development is to ensure a better quality of life for everyone, now and for generations to come. To do this we must meet, in the UK and the world as a whole, four main objectives which are: social progress recognising the needs of everyone; effective protection of the environment; prudent use of natural resources and maintenance of high and stable levels of economic growth and employment.

Although the overarching aim of procurement must always be the achievement of value for money there is much that can be done on sustainability issues within the value for money approach. Simple themes such as re-using existing buildings, designing for minimum waste, lean construction, minimising energy in construction, the avoidance of pollution, conservation of water

and respecting people and their local environment will guide government in a sustainable direction.

The work of the Sustainable Procurement Group (SPG) will help to address many of these issues. The SPG was set up last year at the request of Margaret Beckett, Secretary of State for Environment, Food and Rural Affairs to examine how sustainable development can be better supported through public procurement. Chaired by Dr Clare Poulter, OGCbuying.solutions Deputy Chief Executive, it brings together both policy specialists and procurement practitioners from a range of departments and agencies who bring to the table a broad range of experience and skills. The Group's first Report and Recommendations has recently been endorsed by Paul Boateng, Chief Secretary to the Treasury, John Prescott, Deputy Prime Minister and Margaret Beckett. Dr Poulter will be discussing the content of this Report later on today in the Sustainability seminar – I would recommend you attend this session.

OGCbuying.solutions and NHS PASA have also shared information and expertise on the assessment of suppliers to ensure environmental compliance and good practice. Indeed, this event is a good example of the commitment to sustainable procurement as it is the first of its kind with a sustainability policy and will be used by the Association of Exhibition Organisers as a case study. As I mentioned a few moments ago, the policy covers the management of waste, including the reuse of materials; the substitution of materials to reduce environmental impact and the recycling of waste. Low energy lighting is being used and efficient energy management is in place to control heating and lighting. There is also a carbon offset arrangement to ensure any carbon dioxide emissions from the event are neutralised.

COLLABORATION

Over one hundred and sixty NHS PASA and OGCbuying.solutions suppliers are showcasing their goods and services today. Purchasing through these suppliers can save you a considerable amount of time and money and I urge you to take a look, compare and consider carefully whether your organisation can benefit. In particular, look at the range of products and services on offer through collaborative procurement deals: as an example, OGC buying.solutions' mobile telephone contract (GTM) has recently been renegotiated resulting in over three hundred thousand public sector users benefiting from a further reduction in tariff rates.

CONCLUSION

So to echo my earlier statements, we must all work together as equal partners. We owe it to the taxpayer to ensure we are getting the best possible value for money and this conference provides a platform to discuss, share information and lessons learned from working together as partners in procurement. After all, we do not pretend we have all the answers but we do have more than we had three years ago and we know that working together is the way to get more of the answers in the future.

Thank you

Achieving Excellence Strategy for the Future - OGC Building on Success

The Chief Secretary to the Treasury (CST), Paul Boateng, launched the future strategy for Achieving Excellence in Construction at the end of February. This looks forward to building on the success of the initiative during the first three years of its application. Achieving Excellence was launched in response to a well-recognised need for improvement in the delivery of construction projects. It acts as the Government's catalyst for change in the quality of construction within the public sector and aims to drive significant improvements in the quality and value for money of our built environment. Achieving Excellence's aim is to ensure that best whole-life value is delivered.

Whole-life Value for Money

The emphasis on whole-life value for money is not new. It is government policy that all public procurement should be based on value for money, having due regard to propriety and regularity - *value for money* being defined as the "optimum combination of whole life cost and quality to meet the customer's requirements". What needs to be stressed is that this is neither the same as initial purchase price nor, necessarily, as lowest price – previously a common misconception that has now largely been put to rest.

What is 'construction'?

It is important to underline that *construction projects* are defined as those "projects that include any element of new works, maintenance and/or refurbishment, including the construction elements of PFI managed service procurements". So, Achieving Excellence is applicable across the entire spectrum of construction works and maintenance procurement.

Achieving Excellence Strategic Targets

At the heart of the future strategy, which is based on exemplars of best practice in public construction procurement, are two targets:

- By March 2005, 70% (by volume) of construction projects reaching benefits evaluation (Gate 5) in the period 1 April 2003 – 31 March 2005 to be delivered:

- On time
- Within budget
- To exceed consumer and stakeholder expectations
- With zero defects.

- By March 2005, for each key sector to reduce the average time period from start of procurement (Gate 2) to award of contract (Gate 3) by:

- 25% for construction projects taking over a year between Gates 2 and 3, and
- 15% for all other construction projects.

Both these targets are aligned to OGC's Gateway Review process.

Ministerial support

At the launch, CST said:

“Both [targets] will involve using integrated procurement routes to engage all parts of the supply team in the design and construction process. Both will require us to ensure that the skills, tools and expertise to manage projects effectively and efficiently are in place – helping us to produce best value construction solutions in a way that is sustainable and safe.

“[This strategy] has the endorsement of Ministerial colleagues across government. We want this to work and we are throwing the weight of the Government machine behind it.”

Integrated Procurement Routes

In effect, Paul Boateng was confirming that the basic tenets of Achieving Excellence laid down in 1999 are unchanged. The routemap for improvement initially set out in 1999 in the areas of management, measurement standardisation and integration applies as much today as then.

The relationship between the client and the supply team is fundamental to the quality of product or service delivered and is dependant on the procurement route that is adopted and the early involvement of the supply team.

Since June 2000 all central civil government clients are required to procure their new work projects using integrated procurement routes – that is PFI, Prime Contracting or Design and Build. Since June 2002 all refurbishment and maintenance projects are similarly to be procured using the integrated procurement routes.

Integration with other policy initiatives

Recognising the dangers of working in isolation, OGC proactively seeks out those who are

leading on impacting policy areas and places great store in working collaboratively and sharing knowledge with both public and private sectors. This collaboration has meant that the Achieving Excellence strategy encompasses health and safety, quality in design, sustainability and respect for people, as well as all the procurement related issues.

It takes on board, for example, the findings of the joint OGC and Commission for Architecture and the Built Environment (CABE) report, *Improving Standards of Design in the Procurement of Public Buildings*. The report's key message is that good design is integral to value for money. Input from work carried out by the Health and Safety Executive and Department of the Environment, Food and Rural Affairs, responsible for leading on sustainability has also been incorporated.

Dialogue with Industry

It was no accident that the CST launched the Achieving Excellence strategy at a conference organised for the construction industry. This was a deliberate, inclusive move. As CST said:

“The government client cannot achieve excellence in construction procurement without the commitment, and the assistance, and the good will, of the industry. And the industry cannot benefit fully from construction procurement contracts unless the government client has the right people on the team, has a clear idea of their ultimate objectives, and has the expertise to manage the process effectively. Put simply – we can achieve more together than we ever could alone.”

In terms of ongoing dialogue with industry, OGC maintains close links with representative bodies and attends meetings of the Strategic Forum for Construction as an observer, underlining its support for the Department of Trade and Industry's Constructing Excellence (formerly Rethinking Construction – Accelerating Change) agenda.

Next Steps

OGC has consulted widely with stakeholders on what has worked well during the initial phase of Achieving Excellence. Whilst there was unanimous acceptance that the guidance material has been extremely useful, it could be improved further for example, by producing summary documents for higher management and more detailed material for those at the “coal face”. The opportunity has therefore been taken to produce an updated, improved, comprehensive suite of Achieving Excellence Guides to replace the original Procurement Guides. The new suite will underpin the future Achieving Excellence Strategy and will align with the OGC Gateway process, the emerging lessons learned from Gateway Reviews and the Successful Delivery Toolkit, of which the suite will form a key component.

OGC is also finalising the detailed definitions of the Achieving Excellence Strategic Targets, which will allow the measurement of the actual performance achieved on projects across government. This will help to substantiate the gains achieved in time, cost and quality as a result of improved procurement processes and the better integration of project teams focusing fully on end user needs.

Onward and Upward

Whilst significant progress has been made since 1999 in embedding the principles of Achieving Excellence, there is more to be done and there is certainly no room for complacency.

Inspiring as the successes have been, it is clear that there are many more government clients, often smaller and more occasional procurers, who need to come on board. Their cumulative spend on construction is significant and there is obvious potential for better value for money through better practice in procurement techniques.

The future strategy aims to disseminate and build on lessons learned, to integrate policy initiatives and encourage the adoption of Achieving Excellence principles. Whether in a department that is directly responsible for major spend or in a sponsor organisation; whether an occupier of government property or in the construction industry, all must be partners in delivering the Achieving Excellence Strategic Targets.

AE addresses serious money and big impact issues for Government, which is responsible for approximately 40% of all UK construction spend.

If we can get it right the potential is there for substantial value gains.

Get it right and the result will be better whole life VFM, that is better quality delivered to time and budget and, even more important, to stakeholders' requirements – to ensure successful delivery.

Get it right and public services will be enhanced – through better functioning schools, hospitals, roads, courts, prisons and other public facilities.

Ultimately the goal is the improvement of public service delivery.

For further information please contact:

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Programme and Project Managers are Special too!

A new Specialism has been launched for Programme and Project Managers (PPM), which will bring them together into a single discipline. The aim is to provide a central source of expertise and advice on programme and project management and to offer support and advice to qualified or experienced staff to develop their skills and careers within the Civil Service.

A joint initiative between OGC and the Corporate Development Group (CDG), part of the Cabinet Office, the PPM Specialism has been set up in response to the recommendations of the IPPD initiative. Peter Gershon will head the new Specialism and OGC's Skills Development Centre will provide guidance on skills and career development. CDG will provide advice and guidance to departments on rewards and recognition including pay scales and fast track development opportunities. The SDS Community Management Board (CMB), established in March 2003, chaired by Peter Gershon, will provide effective oversight and promotion of PPM within government.

What does the PPM Specialism offer?

PPM practitioners and departments will have the opportunity to influence the final shape of the PPM Specialism but it is intended to provide a range of opportunities and information, including:

- A website for registration of members, job vacancies, guidance on skill levels and qualifications, links to SDS and other relevant departmental initiatives and discussion forums
- Ongoing promotion and marketing of PPM within government
- Information for HR departments on rewards and recognition
- Promotion of best practice and excellence
- A benchmark of excellence in government
- An annual awards scheme
- An annual conference
- Networking
- Continuing professional development scheme
- Career Guidance

The inaugural Conference will be held on 23rd October 2003, but potential members can express their interest in joining the Specialism from 19 June 2003 and help to influence its development.

Who can join?

The Specialism is for staff at all grades in the Civil Service who have qualifications or experience in PPM or are willing to train for the qualifications and wish to follow PPM as a career or profession.

There are 2 levels of membership. Associate membership is open to those who wish to pursue a career in PPM and are working towards gaining the relevant qualifications and experience. Full membership is open to those who are actively following a career in PPM and can demonstrate that they have obtained appropriate qualifications or experience.

Links to Successful Delivery Skills (SDS) Programme

The Specialism is an important component of the SDS framework. The SDS framework will be further developed to include a more detailed allocation of subject areas to skills levels and the addition of weightings/prioritisation to subject areas. This will assist participants in assessing their skills levels against the framework.

Continuing Professional Development (CPD)

An SDS-related CPD programme has been promoted as an integral part of the SDS Programme. This will provide the CPD element of the PPM Specialism. OGC propose to work with a group of experienced senior programme and project leaders to support the continuing professional development of practitioners who have reached an acceptable level of maturity in the delivery of programmes and projects.

For further information:

OGC website www.ogc.gov.uk

SDS website www.sds.ogc.gov.uk

OGC Service Desk Phone. 0845 000 4999

Commercial Breakthrough for Department for Work and Pensions

Since its introduction last summer, the role of Commercial Relationship Manager (CRM) has dramatically reshaped the way DWP customers and procurement professionals view and interact with each other.

Much of this has been about orchestrating closer integration at strategic level – in essence, an agreement between Commercial Policy & Procurement (CPPD) and individual parts of the business committing to close and early co-ordination of business planning. *“It’s no longer enough for us to react to changes as they occur within the Department,”* said DWP Commercial Relationship Manager, Dorothy Thompson. *“We need to be involved in strategic planning from the start to identify and advise on commercial issues, and ensure that procurement is geared up to act quickly and appropriately. It’s all about creating a seamless approach.”*

Centres of Expertise

‘Seamless’ is not a word used lightly. The new approach needs to be adopted at all levels of the operation if it is to be effective and DWP is already creating centres of expertise within the business, where there is a business owner and a desire for DWP to do so, so that, no matter what the issue, procurement, policy and process expertise fall under the same ownership.

Nor is the approach restricted to high-level planning or process far removed from the everyday experience of most members of staff. *“Far from it,”* explained Maria Buller, also a DWP Commercial Relationship Manager, *“we’re also the customer face of procurement. Much of our role is about maintaining a high profile with customers and being there to help them address specific challenges.”*

“Our job is also helping to change people’s perception of procurement, which has traditionally been seen as a function that tells people what they cannot do. We are there to explain what they can do, and to support the customer through the process.”

Meeting Customers’ Needs

As well as offering advice and support on procurement issues to customers, the DWP Commercial Relationship Management team is also working to ensure they are meeting the customers’ needs throughout the process.

“It is an interactive role,” Maria said. *“In addition to regular meetings with representatives from across DWP who have procurement needs or who are delivering procurement functions, we have regular Commercial User Assurance Network meetings with representatives from the businesses who are end users of the services we provide. We are also developing a survey to find out what all of our major customers know about our role, and to look at how we can improve.”*

In the meantime, initial impressions of the approach from across the business have been very positive. *“People in the business generally welcome the increased customer focus, and see the new role as an improvement in the way procurement is being managed,”* said Lindsay Watson, Head of Commercial Customer Service and Change at DWP.

The success so far is one the team plan to build on. *“For us, the ideal situation would be for people who are planning an initiative or project to bring their Commercial Relationship Manager in at the beginning, so we can identify issues quickly and help the businesses obtain the relevant procurement advice and support at the outset of their projects in order to make a real difference,”* Maria added.

To find out more please contact:

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The NHS IT Programme

The NHS is set to implement the most important and far-reaching change to its IT infrastructure in its history. Philip Cunliffe reports on both the innovative procurement programme and the man who has been charged with its implementation.

Vision and Strategy

The vision for the National Programme for IT in the NHS (NPfIT), first drawn up by the Department of Health (DoH) in the autumn of 2002, is simple: to use IT to support the delivery of services to the patient; to provide staff with more effective electronic communications; and to improve management through good quality data and information. Richard Granger, the new Director General of NHS Information Technology, is therefore responsible for implementing one of the world's largest IT developments.

The Programme, set out in the publication *Delivering 21st Century IT support for the NHS*, focuses on four key developments: electronic booking of appointments; an electronic care records service; an electronic prescribing service; and an underpinning IT structure for the NHS to support critical national applications and local systems. The Programme is reported to be worth £2.3bn.

The strategy to carry this vision out is, however, far from simple. In principle, the DoH is looking to take greater central control of the certain critical aspects of IT in the health service, including procurement, performance management and delivery - ensuring also that the procurement becomes faster, fairer and more effective at the same time.

Richard Granger said: *"A major component of the procurement strategy will be to verify the functional performance, scalability, and interoperability of suppliers' software offerings. The accreditation of products through the national procurement programme will be a prerequisite to their deployment within the NHS."*

Procurement Process

The response to the OJEC notice issued by the Department of Health (DoH) for expressions of interest from the private sector for the NHS IT Programme was overwhelming. 99 IT suppliers expressed interest, including all of the major national and international companies. All the applications were assessed, against the pre-qualification criteria drawn up by the DoH, by an evaluation board. A long-list was announced during April 2003.

Output-based specifications and preliminary invitations to negotiate were then issued during May, and the long-listed applicants have now been asked to submit more detailed proposals. It is expected that initial contracts will be issued in October 2003. According to the DoH, the companies who have expressed interest are the very cream of the IT industry and, as such, the Department is hopeful of a first-class service from the rigorous procurement process.

The introduction of this new form of procurement programme will, it is hoped, speed up the process and deliver the required modernisation of the NHS' information infrastructure. Consortia would be formed to act as Local Service Providers (LSPs) to Strategic Health Authorities which would be organised into five regions. These are:

- London
- North East, Yorkshire and Humberside
- South East and South West
- East of England and East Midlands
- West Midlands and North West.

In addition, the DoH will appoint National Application Service Providers (NASP) for the Integrated Care Record Service (ICRS). Of the original pre-qualification list of 31 organisations, 22 have been long-listed as potential LSPs and eight as potential NASPs. The first two contracts will be awarded by the end of October 2003 to London and North East, Yorkshire and Humberside.

Further Progress

The DoH has made excellent progress in the procurement process for the electronic appointments booking system. The NPfIT has now shortlisted three candidates for the National Application Service Provider (NASP) contract for the electronic booking system for England, and it is anticipated that the final contract for this will be awarded in September.

Another key element of the Programme is to deliver *“an ambitious new range of internet-style broadband connections across the NHS.”* This new network, which will be known as “N3” will provide the communications infrastructure which will underpin the NPfIT and will, in addition, contribute towards the Government's wider aims for broadband coverage across the public services. According to the Department of Health, a single commercial organisation will be awarded the contract to act as the N3 National Service Provider and will be responsible for purchasing and integrating local and national services thus opening competition to large and small network companies to provide elements of the network.

Clearly recognising the responsibilities of both the NHS and the private sector in ensuring the success of the Programme, Richard Granger commented: *“Modernised IT services across the NHS, across England, will be subject to the same conditions as the rest of the NHS. Extra resources are going in - but this is to be accompanied by reform. Payment will be made by results - the supplier community will be rewarded for delivery. There is only one outcome from this Programme and that is the successful implementation of 21st Century IT for the NHS in partnership with suppliers who perform.”*

Key Points from the National Strategic Programme

- Delivering critical national services - including Electronic Bookings, Prescriptions Service and Integrated Care Records.
- Managing improved procurement and developing IT industry relations and partnerships to increase IT capacity for the NHS.
- Defining national data and systems standards and specifications.
- Developing the NHS IT infrastructure, including encryption and system security.



Richard Granger

Richard Granger

Richard Granger, formerly of Deloitte Consulting, has been appointed Director General of NHS Information Technology. He joined Deloitte Consulting as a Partner in October 1998. Whilst there, his clients have included Transport for London, the then Department for Education and Employment, and the then Department of Social Security. At the time of his appointment in September 2002 Mr Granger, who has extensive experience of delivering IT systems and services in the public sector, was the lead Client Service Partner for the UK Government at Deloitte Consulting.

Mr Granger graduated from the University of Bristol in 1987. His earlier career was spent primarily at Andersen Consulting (now Accenture) and in the oil industry. He has worked on large-scale IT projects since 1987. From 1989 to 1993 he worked as part of a large team on the Operational Strategy - the computerisation of the benefit system for the UK. From 1994 to early 1996 he worked on a number of national IT programmes in Slovakia, the Czech Republic and Poland. From 1996 to 1998 he worked on a number of large IT programmes with clients including London Underground Limited and the Vehicle Inspectorate. From 1999 to 2001 he was responsible for the setting up and operation of the Welfare to Work pilots in Leeds and Suffolk. In late 2000 he was appointed by Transport for London to lead a Deloitte Consulting team with responsibility for project management and system integration of the London congestion charging scheme.

In his new role, Mr Granger is directly accountable to Professor Sir John Pattison, the Department of Health's Director of Research, Analysis and Information. He is supported by a central programme team, working closely with the Information Policy Unit, NHS Information Authority and NHS Purchasing and Supply Agency.

Delivering 21st Century IT support for the NHS is available at:

www.doh.gov.uk/ipu/whatnew/deliveringit.

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Legal Eagles

In April 2001, the National Audit Office (NAO) report *Purchasing Professional Services*, estimated that in the financial year 1999/2000 government spent £70m on legal services alone. It is a costly and time consuming process. By using L-Cat the costs can be reduced greatly by choosing a plethora of legal services from 33 law firms that have all gone through a competitive tendering process to offer excellent value for money.

OGCbuying.solutions has a legally binding framework agreement with each of the firms on the roster of service providers and will establish a client access agreement (CAA) with each eligible organisation, or client, wishing to enter the scheme. The CAA will detail the contractual terms of L-Cat and has been designed to meet the demands of most government organisations. However, an individual client can add to those terms at the point of order if required.

A hard copy directory will shortly be available, containing current information on the service providers that are operating under the scheme, including pricing and discount structures, although it will only be available to L-Cat clients due to its sensitive nature and status as a commercially restricted document. Nevertheless, general information on the service providers on the scheme can be found on the OGCbuying.solutions L-Cat website, visit:

www.ogcbuyingsolutions.gov.uk/LCat/default.asp

The main benefits of using L-Cat are:

- Increased efficiency of procurement
- Easy ordering based on standard procedures
- Choice of service providers
- Competitive tariffs
- Quality of service provision
- Common terms and conditions
- Improved management information
- OGCbuying.solutions contract management activity.

The range of legal activities available is vast and will vary but includes:

- Advice and guidance on legal matters
- Drafting and reviewing legal and non-legal documents
- Advising on, or engaging in, negotiations of contracts and grants
- Advising on matters relating to the discharge of contracts and grants
- Undertaking legal research or analysis
- Transactional based work (not covered elsewhere).

L-Cat is divided into seven categories, with each category including a panel of leading law firms, including small and medium sized companies and regional players. The categories relate to the most common kind of government transactions and include:

- IT, telecommunications and e-commerce
- Property and estates
- Human resources
- Construction
- Company and corporate matters
- Financial and banking matters
- General commercial matters (not covered elsewhere).

NAO report – Purchasing Professional Services:

www.nao.gov.uk/publications/nao_reports/00-01/0001400.pdf

Public Accounts Committee report – Better Value for Money from Professional Services:

www.publications.parliament.uk/pa/cm200102/cmselect/cm Pubacc/309/30902.htm

Taking the 'lead'

Last summer Nick Brown, Minister for Work, gave a commitment that the Department for Work and Pensions would undertake the design and testing of 'lead funder' pilots on behalf of other government departments.

In essence, the aim of the work is to reduce the bureaucratic burden on the voluntary sector organisations doing business with Government. The key principles of the concept are to:

- make one, central government department the lead funder for one national voluntary sector organisation;
- make the lead funder the primary trouble-shooter for the service provider with respect to its different funding sources from central government;
- reduce the administrative burdens placed on the Voluntary Sector Organisation (VSO) during the application, reporting, and monitoring of performance by making the lead funder the managing agent for this information including its dissemination;
- ensure that funders comply with the recommendations of the various other funding reviews from the Cross Cutter and report on this to the Active Community Unit (ACU); and
- make a named Minister responsible for ensuring the funding mechanisms work smoothly with respect to the organisations for which his department holds lead responsibility.

A project team has been assembled to carry out the six pilots over an 18-month period. For three of these, DWP will act as the lead funder between Government and national VSOs, namely the National Association for the Care and Resettlement of Offenders, Project Fullemploy and The Princes Trust. The other three will be led locally by Government Offices working with VSOs based nearby.

Following the 18-month testing period, a full evaluation will assess what elements could be recommended for roll-out to other VSOs.

Whilst this is considered a small project, it has considerable interest across Whitehall and involves a number of key ministers – both Mark Fisher, Chair of the Project Board and Project Manager, Matt James, will keep Nick Brown informed of progress.



Project Managers, Matt James and Anne Copcutt meet with the Prince of Wales at the recent Princes Awards held at St James' Palace, London. The Prince said that he was "most enthusiastic and committed about this initiative".

The Recommendations from the SR2002 Cross-Cutting Spending Review into the Role of the Voluntary and Community Sector (VCS) are being taken forward by the Active Community Unit in the Home Office. Other departments playing an active part include the DfES who are leading the development of guidance on procurement dealings between departments and VCS bodies

To find out more please contact:

Matt James on 0113 232 7041 or matt.james@dwp.gsi.gov.uk.

Public Sector Trailblazer

Purchase and Pay operates using open source software (LINUX) and it is the first time a central government department has used anything of this kind. Simply put, open source software is a program that is used without licence payments and can have its source code modified by programmers. As the software evolves, it is improved, adapted and debugged at hugely fast rates, keeping the software at the cutting edge. Each user's improvements are then redistributed and offered freely to other users. The software is available under the General Public Licence (GPL) and dominates the internet, where it is widely used as an operating system for web servers.

Managed by OGCbuying.solutions, Purchase & Pay is being run primarily via the Government Secure Intranet (GSI) or through a safe internet, or dial-up authentication process to ensure the highest level of online security. This safeguards both customer and suppliers confidential pricing information.

In a perfect example of collaboration between public and private sectors, IBM supplied the hardware, Belmin, the e-procurement software (EROS) and Cable & Wireless provided the network infrastructure to deliver the system, with OGCbuying.solutions contributing the hardware platform, networks, internet, web servers, routers and firewalls to allow the system to operate. All requirements for the system were sourced through existing OGCbuying.solutions framework agreements.

The OGC is providing and evaluating online access to the various framework agreements and electronic catalogues and it is hoped to extend the Purchase & Pay system in the near future, to include a wider range of goods and services with the resulting e-invoices incorporated into the system as well. Purchase and Pay has moved from its first phase, of enabling the electronic ordering of supplies from catalogues held on the system, with the ability to integrate with a Department's financial systems, to the present second phase. This is now well underway, and by the autumn will offer an automated e-payment facility through the BACS system.

This integrated online purchasing system will allow all public sector departments and agencies to share information on suppliers and their prices, irrespective of department or agency size, so everyone can take advantage of the centrally procured and managed infrastructure. The system is now in a 'steady state' and already bearing fruit. It has achieved high user acceptance at the DWP with over 80% of stationery buying now managed across the new online system.

The positive outputs of Purchase & Pay are crucial, and these can be measured through the delivery of significant time and cost savings, the development of a dynamic cross government e-procurement strategy and vastly increased efficiency.

Hugh Barrett, Chief Executive of OGCbuying.solutions, said:

“Our decision to use open source software was based on its proven reliability, portability and lower licensing costs. Overall it represented best value for money in this application”.

Martin Sykes, Executive Director of OGC’s e-commerce Directorate and the man responsible for driving forward the Government’s e-procurement strategy said:

“This work will give us access to valuable experience in the operation of open source software, whilst contributing to DWP’s needs for improved efficiency and effectiveness.”

Rebecca George, Director, UK Government Business, IBM UK said:

“By selecting Linux for Purchase & Pay, OGC is benefiting from the value for money that open source software can offer government IT projects. IBM is delighted to work with the DWP and their partners on Purchase and Pay, helping OGC to deliver a critical application that is secure and scalable and has delivered tangible benefits from day one.”

For more information about Purchase & Pay and how it can help your organisation email: purchase&pay@ogcbs.gsi.gov.uk or contact the OGCbuying.solutions Customer Service Desk on 0870 268 2222

OGCbuying.solutions: www.ogcbuyingsolutions.gov.uk

UK information on Linux: www.linux.org.uk

Programmers collaborative software forum: <http://sourceforge.net>

Open Source Initiative – a non-profit corporation dedicated to managing and promoting open source software: www.opensource.org