

# Procurement

What guidance is out there?

London Region Research Team  
January 2009

---

# Contents

<b>Background</b>	<b>3</b>
<b>General procurement guidance</b>	<b>5</b>
<b>Procurement guidance for ICT</b>	<b>9</b>

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

# Background

---

## Purpose

- 1 This paper aims to summarise the available supporting information for public sector procurement, with a focus on ICT procurement, including guidance documents, best practice, case studies and toolkits, and where possible, provide evidence of success.

## Context

- 2 The [Operational Efficiency Programme: prospectus](#) (July 2008) sets out the Government's latest thinking on how to take forward its value for money programmes in preparation for the next Spending Review. One of the five strands the programme is collaborative procurement, which was identified by Sir Peter Gershon in his Review of Public Sector Efficiency in 2004 as a major potential contributor to greater efficiency in government. The Office of Government Commerce, working with government departments and their Professional Buying Organisations, has launched a new programme of collaborative procurement across government (see para 10).
- 3 CLG's [National Procurement Strategy](#) (NPS) for Local Government 2003-06 sets out how central and local government, working together with partners from the public, private and voluntary sectors intend to set about improving local government procurement. CLG are currently [consulting](#) on The National Procurement Strategy for the Fire and Rescue Service 2008 - 2011.
- 4 The [NPS for Local Government - final report](#), published April 2008, is the third and final report on the NPS. It summarises the state of play and looks back at achievements over the three-year life of the NPS. It concludes with recommendations on next steps in the light of the developing policy, in particular the Comprehensive Spending Review 2007 and the [National Improvement and Efficiency Strategy](#) (NIES).
- 5 The Regional Improvement and Efficiency Partnerships (RIEPs) are tasked to support councils and their partners in delivering the shared priorities for their local areas (expressed in their LAA targets) and in meeting and exceeding their 3% efficiency savings, one of the four themes of the NIES.
- 6 The [Business Improvement Package](#) was set up to provide local authorities with a set of resources to support improving and transforming service delivery during the CSR07 period and beyond
- 7 The [Government's Sustainable Development Strategy](#) 2005 which set a target for the UK to become a leader in the EU in sustainable procurement by 2009.
- 8 Following this a government taskforce produced an action plan in 2006, [Procuring the Future](#), which set out a number of challenges for how to put sustainability at the heart of procurement. Sustainable procurement was defined as 'a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only

to the organisation, but also to society and the economy, whilst minimising damage to the environment’.

- 9 Both the local government and health sectors responded by producing their own action plans in November 2007. The [Local Government Sustainable Procurement Strategy](#), led by the LGA, is a strategy for the whole of local government. The Department of Health produced [Procuring for Health and Sustainability 2012](#), which covers health and social care. These action plans set out how these sectors will join with central government in a whole of government approach to sustainable procurement. They also require collective action within these sectors, and by individual local strategic partnerships, health organisations and councils.
- 10 The [Local government sustainable procurement strategy](#) was published in November 2007 by IDeA, the LGA and the North East Centre of Excellence and is intended to provide a clear steer to councils seeking to respond to the challenge of sustainable procurement.
- 11 [The Glover Review](#) (November 2008) set out recommendations to improve SME participation in public procurement, with evidence showing they face substantial hurdles to compete on an equal footing with larger enterprises in the public sector procurement market place.

# General procurement guidance

---

## Office of Government Commerce (OGC)

12 The [Office of Government Commerce](#) (OGC) is an independent office of HM Treasury, established to help Government deliver best value from its spending. OGC provides policy standards and guidance on best practice in procurement, projects and estate management. The OGC web site has following useful resources:

### Policy and standards framework

13 This is an [online portal](#) with key principles and processes of public sector commercial activity, covering procurement, project and programme management, and estate management. This includes the following relevant information

- [Introduction to Public Procurement](#) (pdf )
- The [Legal Framework](#) for public sector procurement
- [Key Policy Principles and Supporting Guidance](#)
- [How to Buy Guide and Practical Guidance](#)

### Collaborative Procurement

14 The OGC has [collaborative procurement](#) category teams dedicated to finding better deals to help organisations save money, and promoting best practice procurement approaches to help deliver real efficiency gains.

### Procurement Capability Reviews (PCRs)

15 The [programme of PCRs](#) was first announced in [Transforming Government Procurement](#) in January 2007. PCRs look in detail at three main elements of a department's procurement capability: leadership, skills development and deployment, and systems and processes. The reviews cover the widest definition of procurement, from commodities to complex PFI projects. The programme of PCRs is arranged in tranches of three or four reviews of Central Government departments, and so far [three tranches](#) have taken place.

16 OGC also has a [Contracts Database](#), which signposts current and future frameworks and contracts available to public sector purchasers. Other useful links from the OGC web site:

- [Best Practice Guidance documents](#)
- [Case studies](#)

### OGCbuying.solutions

- 17** [OGCbuying.solutions](#) is an Executive Agency of the Office of Government Commerce (OGC) in the Treasury that provide a professional procurement service to the public sector to enable organisations to deliver improved value for money in their commercial activities and provide professional support when it matters, advising on technical issues, energy saving and environmental improvements.
- 18** Their products and services are brought together as either Catalyst framework agreements or Managed Services, and they manage several [Memoranda of Understanding](#), which provide public sector organisations with economies of scale and general lowest price guarantees across Government.

---

### Regional Improvement and Efficiency Partnerships (RIEPs)

- 19** The following procurement work is taking place at the RIEPs
- North West IEP - [Procurement Programme](#)
  - North East IEP - [Sustainable Procurement](#)
  - West Midlands IEP - [Procurement Hub](#) and [Newsletter](#)
  - East Midlands IEP - [Smarter Procurement](#)
  - South West IEP - [Smarter Procurement](#)
  - South East IEP - numerous [Commodity Procurement projects](#)
  - Capital Ambition - [London Efficiency Challenge](#)

---

### Sustainable Procurement

#### Sustainable Procurement Information Network (SPIN)

- 20** [SPIN](#) is dedicated to supporting local authorities in their efforts to procure sustainably, and provides a 'one-stop' website containing information relating to the sustainable procurement agenda. SPIN was launched and is maintained as part of an East Midlands Centre of Excellence sustainable procurement project. It has since received the backing of the East of England and North West Centres of Excellence and is well on the way to becoming a national resource for sustainable procurement information.
- 21** The site contains guidance, toolkits, case studies and other useful information sources.

#### Sustainable Procurement Cupboard

- 22** The [Cupboard](#) provides a framework for procurement professionals to find case studies, tools, primary documents, and contacts to deliver on multiple public sector targets. The Cupboard is user-driven, enabling readers both to find others' work and to share their work with others.

## General procurement guidance

---

### IDeA

- 23** IDeA has a [knowledge procurement resource](#), designed specifically to meet the needs of the local government procurement community. This has lot of information about procurement but it must be noted that a lot of the [guidance](#) provided appears to date during the time of the National Procurement Strategy (2003-06). They also have an [e-procurement page](#), which mainly references the work of the [National e-Procurement Project](#) (NePP)
- 24** The NePP is a project, owned by the London Borough of Newham and run by local authorities, is a central resource for e-procurement advice and support for all English local authorities. On their web site, there is a [Guidance Overview](#) page and a [case study](#) page, but again this all took place before 2007.
- 

### 4ps

- 25** [4ps](#) is local government's partnership and project delivery specialist. As part of the LGA group, 4ps works in partnership with all local authorities to secure funding and accelerate the development, procurement and implementation of PFI schemes, public private partnerships, complex projects and programmes.
- 26** 4ps has created [guidance](#) to support local authorities when developing a partnership for a complex project, including the [procurement options](#). This covers the [PPP](#) and [PFI](#) options for procurement and describes the procurement routes available and provides resources for projects seeking to develop a partnership. They also have a series of [procurement packs](#). As with the IDeA resources, most of the relevant information on the 4ps site is before 2007.
- 

### Audit Commission

- 27** **Externally**, there was a [report published](#) in November 2008 setting out the appointed auditor's 'serious concerns' about governance and procedural weaknesses in the awarding of a Managed Facilities Services (MFS) contract at Whipps Cross University Hospital NHS Trust
- 28** A local government national report, [For better, for worse - Value for money in strategic service-delivery partnerships](#) was published in January 2008. These partnerships refer to a specific form of procurement in which long-term public private partnerships are established to deliver services. The report states that "some of the findings and recommendations in this report will be of interest to those considering other forms of procurement."
- 29** A public services national report, published in July 2007, entitled [Hearts and minds: commissioning from the voluntary sector](#) investigated the impact of capacity-building initiatives at local level; how effectively councils are engaging the voluntary sector in the commissioning process; and what impact current procurement practice is having on the sector, and on councils' ability to secure value for money in service delivery. There is a section on Effective procurement - the means of procuring services, through
-

grant funding, service level agreement or contract and best practice within each of these arrangements.

- 30 **Internally**, there is a [Basic Guide to Procurement \(and Commissioning\)](#), updated in November 2007. This guidance is designed to introduce staff working with audited and inspected bodies (AIBs) to the key principles that underpin effective procurement (and commissioning). The tool is built around the 12 key principles of good procurement and provides: indicators to look out for and challenge AIBs; and signposting and links to more detailed guidance and tools.
- 31 There is a [Sustainable Procurement directory](#), which is a directory of information both internal and external on this topic area.
- 32 There is also a [Procurement Knowledge Report](#), which is a summary of Audit Commission findings on procurement 2001- 2006.

---

### Local Government Improvement Network

- 33 The [Local Government Improvement Network](#) is sponsored by the Audit Commission, IDeA, CIPFA, Leadership Centre and NHS Institute. It provides guidance, tools and practical examples around key improvement issues such as partnerships, governance, value for money and service improvement. At present there is limited information on procurement but there are plans to include more.

---

### Department of Health

- 34 The Department is divided into a number of business units for purchasing purposes, each with their own budgets. Low value items may be purchased by individual business units or the Department's facilities management service providers. Larger or more complex contracts are usually let with assistance from the [Procurement Centre of Expertise](#) (PCoE) or the Department's specialist buyers who deal with printing, media related products and services, information technology or research and development.
- 35 [Desk guide to procurement](#) - 2008 edition - outlines the main considerations and processes involved in making a purchase on behalf of the Department of Health. The Procurement Centre for Evidence (PCoE) maintains the guide and can give advice on its implementation.
- 36 [NHS Purchasing and Supply Agency](#) (PASA) is an executive agency of the Department of Health who works to ensure that the NHS in England makes the most effective use of its resources by getting the best possible value for money when purchasing goods and services. The web site has [guidance](#) for the use of those involved in procurement for the NHS. The NHS spends in excess of £17 billion on goods and services every year and there is a series of [frameworks, regional and local agreements](#) to procure these goods and services as effectively as possible via the PASA web site.

# Procurement guidance for ICT

---

## Office of Government Commerce (OGC)

- 37 In the [How to Buy Guide and Practical Guidance](#) section there is an [ICT Goods and Services](#) page, which gives guidance on purchasing both [ICT commodities](#) and [major services](#).
- 38 One of the collaborative procurement category is [Information & Communications Technology](#) (ICT), which has the following tools:
- [Joint statement of intent](#) (JSI) (pdf, January 2009) – The JSI is intended to be a business document designed to help improve the success rate of all Government IT Programmes and Projects
  - [Improving Procurement: Pre-Qualification Tool](#) - a self assessment tool to enable the Senior Responsible Owner (SRO) to quantify the status of a major ICT procurement prior to the start of a competition.
  - [Saving money on IT hardware](#) – advice on using the OGC IT hardware team to get better deals, using things like the [e-auction tool](#).
  - [Next Generation Networks \(NGN\) - Procurement Standards, Guidance and Model Clauses](#) – this document is the core output of the NGN Procurement Standards Project, which was initiated as part of the Cabinet Office's NGN Risk Mitigation Programme. The objective of the Project was to produce 'best practice' procurement standards and guidance that will assist buyers of NGN-based telecommunication services and set standards that service providers will need to meet in order to supply to government.

---

## OGCbuying.solutions

- 39 As part of OGCbuying.solutions products section, they have an [ICT category](#), which has a lot of information on procuring specific IT products – hardware, software, networks etc through pre-tendered Catalist framework agreements.
- 40 The [NHS Purchasing and Supply Agency](#) uses the [OGC.bs catalist](#) contracts for the procurement of IT software and services.
- 41 Case study - [NHS demonstrates strength in numbers](#) - Six NHS Collaborative Procurement Hubs, representing more than half of England's hospitals and Primary Care Trusts (PCTs), have come together for the first time to secure an outstanding deal for desktop and laptop computers. There are numerous other [case studies](#) not related to ICT procurement.
- 42 Buying Solutions are hosting a number of ICT Procurement Forums in February / March 2009, covering hardware, software and telecoms. The full-day events will also include sessions covering Buying Solutions' new procurements and projects; a case study demonstrating the benefits of eAuctions; collaborative procurement; green ICT

and latest developments in the ICT arena. For more information and to register, please [click here](#).

---

### Partnerships UK

- 43 Partnerships UK (PUK) publish general [Guidance](#) on PFI and Outsourcing, and specifically for outsourced ICT Services, maintain an [ICT Model Services Agreement and Guidance](#) resource which contains a Model ICT Services Contract in at outsourcing context (you need to register to access this resource).

---

### Other relevant information

- 44 [NHS Connecting for Health](#) supports the NHS in providing better, safer care, by delivering computer systems and services that improve how patient information is stored and accessed. It primarily exists to procure and deliver the National Programme for IT but it has also let a number of contracts for ICT supplies from which NHS bodies can call off - in some cases centrally funded.
- 45 The Government CIO Council (responsible for coordination of public sector IT, a spend of some £14bn) has a major work stream on supplier contracts and management. It has an established set of processes for joining up supplier relationships across the public sector to improve value through aggregation, reuse of solutions, supplier performance/partnership working and time to market. It works closely with OGC and Intellect (the supplier trade body) as well as strategic suppliers. This includes:
- Working with EU to shorten/ improve procurement
  - Greater use of framework agreements across government (all benefit from the latest and best contract)
  - CAF process for performance monitoring (two way)
  - Improving access for SMEs
- 46 The Society of IT Management (SOCITM) published a report in 2006 on [Managing Procurement](#) as part of the Improving The ICT Service series. This report is only accessible to SOCITM Insight subscribers.
- 47 An IT contract that has been considered to demonstrate notable practice is the innovative Hammersmith and Fulham Bridge Partnership involving setting up a joint venture company between the local authority and the supplier.